UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2025
or
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission File Number 1-5231

McDONALD'S CORPORATION

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)

36-2361282 (I.R.S. Employer Identification No.)

110 North Carpenter Street, Chicago, Illinois (Address of principal executive offices)

60607 (Zip code)

Registrant's telephone number, including area code: (630) 623-3000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value	MCD	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.
Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b) ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the registrant's common stock held by non-affiliates as of June 30, 2025: 208,464,334,129.

The number of shares outstanding of the registrant's common stock as of January 31, 2026: 710,398,642.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Form 10-K incorporates information by reference from the registrant's 2026 definitive proxy statement, which will be filed no later than 120 days after December 31, 2025.

McDONALD'S CORPORATION
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ORGANIZATION OF THIS ANNUAL REPORT ON FORM 10-K

The order and presentation of content in this Annual Report on Form 10-K ("Form 10-K") differs from the traditional U.S. Securities and Exchange Commission ("SEC") Form 10-K format. McDonald's Corporation believes the format used in this Form 10-K improves readability and better presents how it organizes and manages its business. See "Form 10-K Cross-Reference Index" for a cross-reference index to the traditional SEC Form 10-K format.

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FORWARD-LOOKING STATEMENTS

The information in this Form 10-K contains forward-looking statements about future events and circumstances and their effects upon revenues, expenses and business opportunities. Generally speaking, any statement in this Form 10-K not based upon historical fact is a forward-looking statement. Forward-looking statements can also be identified by the use of forward-looking or conditional words, such as “could,” “should,” “can,” “continue,” “aim,” “estimate,” “forecast,” “intend,” “look,” “may,” “will,” “expect,” “believe,” “anticipate,” “plan,” “remain,” “confident”, “commit,” “enable,” “potential” and “trajectory” or similar expressions. In particular, statements regarding the Company's plans, strategies, prospects and expectations regarding its business and industry, as well as environmental and social impact initiatives and similar commitments, are forward-looking statements. They reflect expectations, are not guarantees of performance and speak only as of the dates the statements are made. These forward-looking statements involve a number of risks and uncertainties. Factors that could cause actual results to differ materially from those in the forward-looking statements include those reflected in the Risk Factors section on page 27 of this Form 10-K and elsewhere in the Company's filings with the SEC. Except as required by law, the Company does not undertake to update such forward-looking statements. You should not rely unduly on forward-looking statements.

ABOUT McDONALD'S

McDonald’s Corporation, the registrant, together with its subsidiaries, is referred to herein as the "Company." The Company, its franchisees and suppliers are referred to herein as the "System."

BUSINESS SUMMARY

GENERAL

For the year ended December 31, 2025, there were no material changes to the Company's corporate structure or in its method of conducting business. Refer to the Segment and Geographic Information section on page 51 of this Form 10-K for additional information.

DESCRIPTION OF THE BUSINESS

The Company franchises and owns and operates McDonald’s restaurants, which serve a locally relevant menu of quality food and beverages in communities across more than 100 countries. Of the 45,356 McDonald's restaurants at year-end 2025, approximately 95% were franchised.

The Company’s reporting segments are aligned with its strategic priorities and reflect how management reviews and evaluates operating performance. Significant reportable segments include the United States ("U.S.") and International Operated Markets. In addition, the International Developmental Licensed Markets & Corporate includes the results of over 75 countries as well as Corporate activities.

McDonald’s franchised restaurants are owned and operated under one of the following structures - conventional franchise, developmental license or affiliate. The optimal ownership structure for an individual restaurant, trading area or market (country) is based on a variety of factors, including the availability of individuals with entrepreneurial experience and financial resources, as well as the local legal and regulatory environment in critical areas such as property ownership and franchising. The business relationship between the Company and its independent franchisees is supported by adhering to standards and policies, including McDonald's Global Brand Standards, and is of fundamental importance to overall performance and to protecting the McDonald’s brand.

The Company is primarily a franchisor and believes franchising is paramount to delivering great-tasting food, locally relevant customer experiences and driving profitability. Franchising enables an individual to be their own employer and maintain control over all employment related matters, marketing and pricing decisions, while also benefiting from the strength of McDonald’s global brand, operating system and financial resources.

Directly operating McDonald’s restaurants contributes significantly to the Company's ability to act as a credible franchisor. One of the strengths of the franchising model is that the expertise from Company-owned and operated restaurants allows McDonald’s to improve the operations and success of all restaurants, and allows innovations from franchisees to be tested and, when viable, efficiently implemented across relevant restaurants. Having Company-owned and operated restaurants provides Company personnel with a venue for restaurant operations training experience. In addition, in our Company-owned and operated restaurants, and in collaboration with franchisees, the Company is able to further develop and refine operating standards, marketing concepts and product and pricing strategies.

The Company’s revenues consist of sales by Company-owned and operated restaurants and fees from franchised restaurants operated by conventional franchisees, developmental licensees and affiliates. Fees vary by type of site, amount of Company investment, if any, and local business conditions. These fees, along with occupancy and operating rights, are stipulated in franchise/license agreements that generally have 20-year terms. The Company’s Other revenues are comprised of fees paid by franchisees to recover a portion of costs incurred by the Company for various technology and digital platforms and revenues from brand licensing arrangements to market and sell consumer packaged goods using the McDonald’s brand.

Conventional Franchise

Under a conventional franchise arrangement, the Company generally owns or secures a long-term lease on the land and building for the restaurant location and the franchisee pays for equipment, signs, seating and décor. The Company believes that ownership of real estate, combined with the co-investment by franchisees, enables it to achieve restaurant performance levels that are among the highest in the industry.

Franchisees are responsible for reinvesting capital in their businesses over time. In addition, to accelerate implementation of certain initiatives, the Company may co-invest with franchisees to fund improvements to their restaurants or operating systems. These investments, developed in collaboration with franchisees, are designed to cater to consumer preferences, improve local business performance and increase the value of the McDonald's brand through the development of modernized, more attractive and higher revenue generating restaurants.

The Company requires franchisees to meet rigorous standards and generally does not work with passive investors. The business relationship with franchisees is designed to facilitate consistency and high quality at all McDonald's restaurants. Conventional franchisees contribute to the Company's revenue, primarily through the payment of rent and royalties based upon a percent of sales, with specified minimum rent payments, along with initial fees paid upon the opening of a new restaurant or grant of a new franchise. The Company's heavily franchised business model is designed to generate stable and predictable revenue, which is largely a function of franchisee sales, and resulting cash flow streams.

Developmental License or Affiliate

Under a developmental license or affiliate arrangement, licensees are responsible for operating and managing their businesses, providing capital (including the real estate interest) and developing and opening new restaurants. The Company generally does not invest any restaurant capital under a developmental license or affiliate arrangement, and it receives a royalty based on a percent of sales, and generally receives initial fees upon the opening of a new restaurant or grant of a new license.

While developmental license and affiliate arrangements are largely the same, affiliate arrangements are used in a limited number of foreign markets (primarily China and Japan) within the International Developmental Licensed Markets, as well as a limited number of individual restaurants within the International Operated Markets, where the Company also has an equity investment and records its share of net results in equity in earnings of unconsolidated affiliates.

PURPOSE, MISSION AND VALUES

Through its size and scale, McDonald's embraces and prioritizes its role and commitment to the communities in which it operates through its *purpose* to feed and foster communities, and its *mission* to make delicious feel-good moments easy for everyone. The Company is guided by five *core values* that define who it is and how it runs the business across the three-legged stool of McDonald's franchisees, suppliers, and employees:

1. *Serve* – We put our customers and people first;
2. *Inclusion* – We open our doors to everyone;
3. *Integrity* – We do the right thing;
4. *Community* – We are good neighbors; and
5. *Family* – We get better together.

The Company believes that its people, all around the world, set it apart and bring these values to life daily.

HUMAN CAPITAL MANAGEMENT

The Company's people strategies aim to support an inclusive environment that represents the communities in which it operates. To do this, the Company offers quality training and learning opportunities and upholds high standards of health and safety designed to create and maintain a safe and respectful workplace for its employees. In support of the Company's values, the Company's annual incentive plan holds the Chief Executive Officer ("CEO") and Executive Officers accountable for efforts towards the following Company initiatives: (i) advancing the Company's values, (ii) driving employee engagement and (iii) executing its franchising strategy.

You can find more information about the Company's human capital management and related initiatives in our 2024-2025 Purpose & Impact Report and on the "Our Purpose & Impact" section of the Company's website.

People

Company employees, which include those in the Company's corporate and other offices as well as in Company-owned and operated restaurants, totaled over 150,000 worldwide as of year-end 2025, of which approximately 70% were based outside of the U.S. In addition to Company employees, the over two million individuals who work in McDonald's franchised restaurants around the world are critical to the Company's success, enabling it to drive long-term value creation and further its purpose and mission. People are at the cornerstone of the Company's business and an essential part of the System.

Commitment to Inclusion

Inclusion is one of the Company's core values, which it strives to integrate into business operations to deliver an inclusive experience for stakeholders.

Grounded in the Company's values, the Company believes in treating everyone with dignity, fairness and respect, always. There are four guiding principles the Company applies to evaluate its work: (i) our system thrives when we are shaped by the communities in which we operate, (ii) our early and full adoption of inclusion gives us a competitive advantage, (iii) individuals perform their best when they feel they belong and (iv) our priority is to be a responsible business, acting lawfully and being responsive to the business environment.

Safe & Respectful Workplaces

The Company believes that it has a responsibility to help protect the health and safety of anyone who works at or enters a McDonald's restaurant, a concept that is incorporated into Company policies, codes of conduct and guiding principles. The Company is committed to promoting safety in all of the Company's corporate and other offices and Company-owned and operated restaurants, as well as supporting franchisees to do the same in the restaurants they own and operate. The Company also works to foster respectful workplaces, where people can be themselves without fear of harassment, discrimination, retaliation or violence, and to help its franchisees do the same in their workplaces.

The Company's Global People Brand Standards (which apply to all McDonald's restaurants, whether Company-owned and operated or franchised) prioritize action in four key areas: protecting employee health and safety, preventing workplace violence, preventing harassment, discrimination and retaliation, and listening through restaurant employee feedback.

The Company's existing procedures include several ways that an individual can report an incident or raise a concern. The Company requires all restaurants to maintain their own reporting process. In addition, the Global Business Integrity Line is available to anyone and allows for concerns to be reported anonymously.

The Company also strives to weave human rights into its day-to-day practices, helping fulfill its commitment to respect the rights of all people and communities who produce, serve, and enjoy McDonald's food. The Company's commitment to respect human rights is set out in its Human Rights Policy and is in line with the United Nations Guiding Principles on Business and Human Rights (UNGPs). In addition to the Human Rights Policy, the Company has standards, principles and policies to reinforce a culture of integrity and respect, forming the foundation of its efforts to feed and foster communities worldwide. As part of its efforts to promote respect for human rights through its standards, the Company has specifically set policies and guidance to help address and protect populations that may be most vulnerable to human rights violations. For example, the Company's Responsible and Ethical Recruitment Principles outline standards to prevent the exploitation of migrant workers and ensure responsible recruitment for this population at all McDonald's restaurants. Additional information about the Company's human rights approach and focus areas, as well as related policies and standards, can be found on the "Human Rights" section of the Company's website.

Compensation, Benefits, and Talent Development

The compensation and benefits provided to Company employees, including both corporate staff and Company-owned and operated restaurant employees, are established based upon competitive considerations in the relevant labor market. The amount and type of compensation varies by an employee's level and location, and typically includes some combination of the following (in addition to base pay): cash bonuses, stock-based awards, retirement savings programs, and health and welfare benefits. Company employees may also receive paid time off, family care resources, tuition assistance and flexible work schedules.

The Company follows Global Pay Principles to help ensure that its pay practices are understood and consistently implemented for all Company employees; these principles enforce its understanding that pay should be competitive, non-discriminatory, performance-based, understandable, and compliant with all applicable legal and regulatory requirements and standards. The Company's annual pay equity analysis aims to ensure equitable pay practices are consistently implemented and executed across the Company. For more information related to the Company's annual pay equity analysis please refer to the 2024-2025 Purpose & Impact Report.

Additionally, the Company has a long-standing commitment to providing training, education benefits and career path opportunities that empower its people. Learning and development is a competitive advantage to McDonald's and a true differentiator to its employee value proposition. McDonald's Hamburger University has multiple learning centers around the world, as well as online resources, that provide training for Company employees, as well as franchisees and their eligible employees. The Company is committed to providing opportunities for people to enhance their skills and fulfill their potential through talent development programs and language and technical skill training and support for continuing education, as it believes this helps to facilitate talent attraction, career development, and retention.

Communities

The Company aims to build strong and inclusive connections that deliver on the needs of the communities McDonald's serves, because the Company believes that doing so is consistent with the Company's business objectives and values. The Company is focused on partnering with organizations that share the Company's core values, harnessing its size and influence to help maximize collective impact, while also strengthening relationships with the communities in which it operates. The Company's strategy focuses on three key strategic outcome areas - Supporting Families, Times of Need, and Opportunity Employment.

The Company is proud to support Ronald McDonald House and their global network of nearly 250 local chapters in more than 60 countries and regions in their mission to provide essential services to remove barriers, strengthen families and promote healing when children need healthcare. McDonald's creates opportunities that encourage Company employees, franchisees and their employees, suppliers, and customers to get involved in philanthropic and volunteering opportunities.

SUPPLY CHAIN, FOOD SAFETY AND QUALITY

The Company and its franchisees purchase food, packaging, equipment, and other goods from numerous independent suppliers. The Company has established and enforces high food safety and quality standards. The quality management systems and processes involve ongoing product reviews, supplier visits and third-party verifications with performance expectations. The Company requires periodic third-party food safety audits and, in the case of higher-risk foods, unannounced Good Manufacturing Practices (GMP) audits of suppliers to verify compliance with its food safety and quality standards. In addition, the Company promotes the consistency of its core menu by regular sensory evaluations and calibration trainings. As part of its digital food safety initiative, the Company has optimized internal digital platforms to monitor and measure adherence to our food safety standards and improve data quality. A Food Safety Advisory Council, comprised of the Company's internal food safety experts as well as suppliers and outside experts, supports the Company's food safety risk management work and provides strategic global leadership for all aspects of food safety and quality. The Company also has ongoing programs to elevate food safety culture throughout the business by educating employees about food safety practices, including proper storage, handling and preparation of food for customers, and encouraging markets, suppliers and restaurant operators to share best practices on food safety and quality.

The Company collaborates with suppliers to encourage innovation and drive continuous improvement across its global supply chain. The Company also works closely with suppliers and other third-party experts to drive sustainable sourcing initiatives and to improve the health and welfare of the animals within its supply chain. Led by its Global Chief Supply Chain Officer, the Company has a comprehensive strategy that its global supply chain organization leverages to identify, assess, and manage risk in its supply chain.

To reinforce the importance of its values, the Company maintains a Supplier Code of Conduct that applies to all of its suppliers. The Company expects all of its suppliers to meet the rigorous standards set forth in the Code, which cover areas including human rights, workplace environment, business integrity and environmental management. In addition, the Company has a comprehensive Supply Chain Human Rights program to help suppliers understand its expectations, verify compliance and work toward continuous improvement.

PURPOSE & IMPACT

The Company takes action on the issues that are most important to its business, and that will help create long-term sustainable value. The Company's Impact Strategy is centered around four Impact Areas: Our Planet; Food Quality & Sourcing; Jobs, Inclusion & Empowerment; and Community Connection. Within these Impact Areas, the Company has established certain strategies, policies and performance indicators.

The Company takes steps to identify the environmental and social issues where it believes the business has the greatest impact and that are of the highest importance to our stakeholders. The Company believes that effectively managing its environmental and social impact through robust governance structures, strategies, goals and performance indicators is part of operating our business responsibly. By doing so, it aims to maximize shareholder value, ensure trust in the brand and build long-term resiliency. The Company periodically reports progress on the "Purpose & Impact" section of its website.

PRODUCTS

McDonald's restaurants offer a substantially uniform menu, although there are geographic variations to suit local consumer preferences and tastes.

McDonald's menu features hamburgers and cheeseburgers, the Big Mac, the Quarter Pounder with Cheese, the Filet-O-Fish, and several chicken sandwiches like the McChicken, McCrispy and McSpicy, as well as Chicken McNuggets, World Famous Fries, shakes, McFlurry frozen desserts, sundaes, soft serve cones, cookies, pies, soft drinks, coffee, McCafé beverages and other beverages.

McDonald's restaurants in the U.S. and many international markets offer a full or limited breakfast menu. Breakfast offerings may include breakfast sandwiches, such as the Egg McMuffin, Sausage McMuffin with Egg and McGriddles, biscuit and bagel sandwiches, oatmeal, hash browns, breakfast burritos and hotcakes.

In addition to these menu items, restaurants sell a variety of other products during limited-time promotions.

Taste, quality, choice, value and nutrition are important to customers, and the Company is continuously evolving its menu to meet its customers' needs, including testing new products on an ongoing basis.

MARKETING

McDonald's global brand is well known. Marketing, promotional and public relations activities are designed with customers in mind and are focused on promoting the McDonald's brand and differentiating the Company from its competitors. Marketing and promotional efforts focus on value, quality, food taste, menu choice, nutrition, convenience, cultural relevance and the customer experience.

INTELLECTUAL PROPERTY

The Company owns or is licensed to use valuable intellectual property, including trademarks, service marks, patents, copyrights, trade secrets and other proprietary information. The Company considers the "McDonald's" trademark and the Golden Arches Logo to be of material importance to its business. Depending on the jurisdiction, trademarks and service marks generally are valid as long as they are used and/or registered. The Company's patents, copyrights and licenses are of varying durations.

COMPETITION

McDonald's restaurants compete with international, national, regional and local retailers of traditional, fast casual and other food service competitors. The Company measures its competitive position within the informal eating out ("IEO") segment, which is inclusive of the Company's primary competition of quick-service restaurants, but also includes 100% home delivery/takeaway providers, convenience stores, street stalls or kiosks, cafés, specialist coffee shops, self-service cafeterias and juice/smoothie bars. The Company competes among quick-service restaurants primarily on the basis of price, convenience, service, experience, menu variety and product quality.

GOVERNMENT REGULATIONS

The Company has global operations and is therefore subject to the laws of the United States and many foreign jurisdictions in which it operates and the rules and regulations of various governing bodies, which may differ among jurisdictions. As discussed under "Legal Proceedings – Government Regulations" on page 36 of this Form 10-K, governments have adopted laws and regulations involving various aspects of the restaurant business, including, but not limited to, advertising, franchising, health, safety, environment, competition, zoning, employment and taxation.

While costs associated with legal and regulatory compliance have increased along with the number and scope of laws and regulations affecting our business, these costs are not expected to have a material effect on the Company's capital expenditures, earnings or competitive position.

MANAGEMENT'S VIEW OF THE BUSINESS

In analyzing business trends, management reviews results on a constant currency basis and considers a variety of performance and financial measures, some of which are considered to be non-GAAP, including comparable sales and guest count growth, Systemwide sales growth, after-tax return on invested capital from continuing operations, free cash flow and free cash flow conversion rate, as described below. Management believes these measures are important in understanding the financial performance of the Company.

- Constant currency results exclude the effects of foreign currency translation and are calculated by translating current year results at prior year average exchange rates. Management reviews and analyzes business results excluding the effect of foreign currency translation, impairment and other charges and gains, as well as material regulatory and other income tax impacts, and bases incentive compensation plans on these results because the Company believes this better represents underlying business trends.
- Comparable sales and comparable guest counts are compared to the same period in the prior year and represent sales and transactions, respectively, at all restaurants, whether owned and operated by the Company or by franchisees, in operation at least thirteen months including those temporarily closed. Some of the reasons restaurants may be temporarily closed include reimaging or remodeling, rebuilding, road construction, natural disasters, pandemics and acts of war, terrorism or other hostilities. Comparable sales exclude the impact of currency translation and the sales of any market considered hyperinflationary (generally identified as those markets whose cumulative inflation rate over a three-year period exceeds 100%), which management believes more accurately reflects the underlying business trends. Comparable sales are driven by changes in guest counts and average check, the latter of which is affected by changes in pricing and product mix.
- Systemwide sales include sales at all restaurants, whether owned and operated by the Company or by franchisees. Systemwide sales to loyalty members are comprised of all sales to customers who self-identify as a loyalty member when transacting with both Company-owned and operated and franchised restaurants. Systemwide sales to loyalty members are measured across 70 markets with loyalty programs. Systemwide sales to loyalty members represents an aggregation of the prior four quarters of sales to loyalty members active in the last 90 days of the respective quarter. While franchised sales are not recorded as revenues by the Company, management believes the information is important in understanding the Company's financial performance because these sales are the basis on which the Company calculates and records franchised revenues and are indicative of the financial health of the franchisee base. The Company's revenues consist of sales by Company-owned and operated restaurants and fees from franchised restaurants operated by conventional franchisees, developmental licensees and affiliates. Changes in Systemwide sales are primarily driven by comparable sales and net restaurant unit expansion.
- The Company's after-tax return on invested capital ("ROIC") from continuing operations is a metric that management believes measures capital-allocation effectiveness over time. Other companies may calculate ROIC differently, limiting the usefulness of the measure for comparisons with other companies. Refer to the reconciliation in Exhibit 99.1 to this Form 10-K for further information on the Company's calculation of ROIC.
- Free cash flow, defined as cash provided by operations less capital expenditures, and free cash flow conversion rate, defined as free cash flow divided by net income, are measures reviewed by management in order to evaluate the Company's ability to convert net profits into cash resources, after reinvesting in the core business, that can be used to pursue opportunities to enhance shareholder value. Refer to the reconciliations in Exhibit 99.1 to this Form 10-K for further information on the Company's calculations of free cash flow and free cash flow conversion rate.

2025 FINANCIAL PERFORMANCE

In 2025, global comparable sales increased 3.1%.

- Comparable sales in the U.S. increased 2.1%, benefiting from average check growth.
- Comparable sales in the International Operated Markets increased 3.2%, reflecting positive comparable sales in nearly all markets, led by Germany and Australia.
- Comparable sales in the International Developmental Licensed Markets increased 4.6%. Positive comparable sales were led by Japan, with all geographic regions reflecting positive comparable sales.

Earnings and cash flow growth rates presented below were impacted in 2025 and 2024 by restructuring charges associated with *Accelerating the Organization*. Additionally, 2024 results were also impacted by net charges primarily consisting of transaction costs, property sale gains and non-cash impairment charges associated with the sale of McDonald's business in South Korea and transaction costs associated with the acquisition of McDonald's business in Israel.

Current year and prior year charges and gains are detailed along with reconciliations to the non-GAAP measures in the Net Income and Diluted Earnings Per Share section on page 13 and Operating Income section on page 18 in this Form 10-K.

In addition to the comparable sales results above, the Company had the following financial results in 2025:

- Consolidated revenues increased 4% (2% in constant currencies) to $26.9 billion.
- Systemwide sales increased 7% (5% in constant currencies) to $139.4 billion.
- Consolidated operating income increased 6% (4% in constant currencies) to $12.4 billion.
- Operating margin, defined as operating income as a percent of total revenues, increased from 45.2% in 2024 to 46.1% in 2025.
- Diluted earnings per share of $11.95 increased 5% (4% in constant currencies).
- Cash provided by operations was $10.6 billion, a 12% increase from the prior year.
- Capital expenditures of $3.4 billion were mainly allocated to new restaurant openings and, to a lesser extent, to reinvestment in existing restaurants.
- Free cash flow was $7.2 billion, an 8% increase from the prior year.
- Across the System, nearly 2,300 new restaurants (including those in our developmental licensee and affiliated markets) were opened.
- The Company increased its quarterly cash dividend per share by 5% to $1.86 for the fourth quarter, equivalent to an annual dividend of $7.44 per share. The Company returned a total of $7.1 billion to shareholders through dividends and share repurchases in 2025.

STRATEGIC DIRECTION

The Company's *Accelerating the Arches* growth strategy (the "Strategy") encompasses all aspects of McDonald's business as the leading global omni-channel restaurant brand. Our Strategy reflects the Company's purpose, mission and values, as well as growth pillars that build on the Company's competitive advantages. The Company's guiding purpose, mission and values are discussed in a dedicated section on page 4 of this Form 10-K.

GROWTH PILLARS

The following growth pillars, M-C-D, build on historic strengths and articulate areas of further opportunity. Under our Strategy, the Company will:

- **Maximize our Marketing** by investing in new, culturally relevant approaches, grounded in fan truths, to effectively communicate the story of our brand, food and purpose. The Company continues to build relevance with customers through emotional connections and world class creative, which are central to the brand's "Feel-Good Marketing" approach. This is exemplified by campaigns that elevate the entire brand and continue to be scaled around the globe to connect with customers in authentic and relatable ways. The Company is committed to a marketing strategy that highlights value at every tier of the menu, as providing delicious and affordable menu options remains a cornerstone of the McDonald's brand. This includes everyday low-price options on our menu, affordable meal bundles, limited-time deals and personalized value and digital offers available in our mobile app.

- **Commit to the Core** menu by tapping into customer demand for the familiar and focusing on serving our iconic products that are beloved by customers around the world such as our World Famous Fries, Big Mac, Quarter Pounder and Chicken McNuggets, which are some of our seventeen unique billion-dollar brands. Building on its foundational strength with burgers, the Company will continue to evolve and innovate its longest-standing menu item with plans to continue to implement "Best Burger"; a series of operational and formulation changes designed to deliver hotter, juicier, tastier burgers to nearly all markets by the end of 2026. Further, the Company is focused on continuing to gain share in the rapidly growing chicken category, as we continue to aggressively grow our chicken brands. This includes offering the McCrispy sandwich, which was deployed in nearly all major markets by the end of 2025 and the extension of the McCrispy brand into strips and wraps in several markets. These innovations and new menu offerings reflect the Company's ability to meet evolving customer preferences. The Company also continues to see a significant opportunity with beverages to drive long-term growth.

- **Double Down on the 4D's: Digital, Delivery, Drive Thru and Restaurant Development** by continuing to leverage competitive strengths and building a powerful digital experience growth engine to deliver a personalized and convenient customer experience. As another way to unlock further growth, the Company plans to continue to accelerate the pace of restaurant openings and technology innovation so that whenever and however customers choose to interact with McDonald's, they can enjoy a fast, easy experience that meets their needs.

  - ***Digital:*** The Company's digital experience is transforming how customers order, pay and receive their food. Through digital tools, customers can access personalized offers, participate in a loyalty program, order through our mobile app and receive McDonald's food through the channel of their choice. We are also providing increased convenience to customers through "Ready on Arrival"; a digital enhancement that enables crew to begin assembling a customer's mobile order prior to arrival at the restaurant to expedite service and elevate customer satisfaction. The Company successfully deployed this initiative in its top six markets by the end of 2025. The Company has loyalty programs in 70 markets, including nearly all major markets. McDonald's loyalty customers have proven to be highly engaged, and the Company plans to increase its 90-day active users to 250 million by the end of 2027. Further, the Company plans to grow its annual Systemwide sales to loyalty members to $45.0 billion by the end of 2027.

  - ***Delivery:*** The Company offers delivery from nearly 41,000 restaurants across approximately 100 markets, representing approximately 90% of McDonald's restaurants. The Company is continuing to build on and enhance the delivery experience for customers, including adding the ability to place a delivery order in our mobile app (a feature that is currently available in five of the Company's top markets). The Company continues to scale this capability and expects to increase the percentage of Systemwide delivery sales originating from our mobile app to 30% by the end of 2027. The Company also has long-term strategic partnerships with delivery providers that continue to benefit the Company, customers and franchisees by optimizing operational efficiencies and creating a seamless customer experience.

  - ***Drive Thru:*** The Company has the most drive thru locations worldwide, with nearly 29,000 drive thru locations globally, including over 95% of the approximately 13,700 locations in the U.S. This channel remains a competitive advantage in meeting customers' demand for flexibility and choice. McDonald's network currently provides unmatched scale and convenience for customers, while also offering significant growth opportunities, such as adding additional drive thru lanes to increase capacity and improve speed and efficiency. The Company continues to build on its drive thru advantage, as the vast majority of new restaurant openings in the U.S. and International Operated Markets will include a drive thru.

  - ***Restaurant Development:*** The Company will continue to accelerate the pace of restaurant openings to attempt to fully capture the demand being driven through our Strategy in many of our largest markets. In 2026, the Company plans to open approximately 2,600 new restaurants (gross) across the globe, which will contribute to slightly over 4.5% new unit growth (net of closures). Further, the Company continues to build on its industry-leading development, by progressing toward the targeted expansion to 50,000 restaurants by the end of 2027, which would make it the fastest period of restaurant unit growth in Company history.

FOUNDATION AND PLATFORMS

Foundational to our Strategy is keeping the customer and restaurant crew at the center of everything the Company does, along with focusing relentlessly on running great restaurants, empowering our people and continuing to modernize our ways of working. Further, as part of the Company's plans for long term growth and solidifying McDonald's leadership position, the Company will continue to develop and implement three technology-enabled platforms designed to build our competitive advantages, cement our place in culture and stay one step ahead of our customers' expectations. Together, our foundation and platforms will extend the Company's leadership position and unlock new growth opportunities and efficiencies for our business over the long-term.

Our platforms are:

- **Consumer:** The Company is building **one of the world's largest consumer platforms to fuel engagement**, which will bring together the best of our brand and utilize our physical and digital competitive advantages. The consumer platform will enable the Company to accelerate growth in our loyalty program and drive valuable loyalty customers to visit more frequently.
- **Restaurant:** The Company is **building the easiest and most efficient restaurant operating platform** which enables the Company and franchisees to run restaurants more efficiently and utilize the latest cloud-based technology to make it easier for restaurant crew to deliver exceptional customer service. The Company intends to deploy new, universal software that all McDonald's restaurants will run on, enabling restaurants to roll out innovation even faster, with less complexity and more reliability; and customers will enjoy a more familiar, consistent experience.
- **Company:** The Company is **building a modern company platform, through our Global Business Services (GBS) organization, that unlocks speed and innovation** throughout the organization, to enable further growth as it modernizes the way it works by focusing on becoming faster, more innovative and more efficient at solving problems for its customers and people.

Our Strategy is aligned with the Company's capital allocation philosophy of: (i) invest in opportunities to grow the business and drive strong returns, including both capital expenditures as well as investments in technology, digital, and our GBS organization, (ii) prioritize our dividend and (iii) repurchase shares with remaining free cash flow over time.

The Company believes our Strategy builds on our inherent strengths by harnessing the Company's competitive advantages while leveraging its size, scale, agility and the power of the McDonald's brand to adapt and adjust to meet customer demands in varying economic environments, including the current industry-wide challenges associated with more discerning consumer spending. Our Strategy is supported by a strong global senior leadership team aimed at executing against the MCD growth pillars, further developing our three platforms and driving long-term growth through increasing guest counts and growing industry market share.

OUTLOOK

Based on current conditions, the following is provided to assist in forecasting the Company's future results.

- The Company expects net restaurant unit expansion will contribute approximately 2.5% to 2026 Systemwide sales growth, in constant currencies.
- The Company expects full year 2026 Selling, general and administrative expenses of about 2.2% of Systemwide sales.
- The Company expects 2026 operating margin percent to be in the mid-to-high 40% range.
- Based on current interest and foreign currency exchange rates, the Company expects interest expense for the full year 2026 to increase between 4% and 6% driven primarily by higher average interest rates.
- The Company expects the effective income tax rate for the full year 2026 to be between 21% and 23%. Some volatility may result in a quarterly tax rate outside of the annual range.
- The Company expects 2026 capital expenditures to be between $3.7 and $3.9 billion, with the majority directed towards new restaurant unit expansion across the U.S. and International Operated Markets. Globally, the Company expects to open approximately 2,600 restaurants in 2026, with about 750 restaurants opening in the U.S. and International Operated Markets, and developmental licensees and affiliates contributing capital towards more than 1,800 restaurant openings in their respective markets. The Company expects approximately 2,100 net restaurant additions in 2026. The Company also expects a sequential increase in capital expenditures of about $300 million to $500 million for 2027, targeting 50,000 global units by the end of 2027.
- The Company expects to achieve a free cash flow conversion rate in the low-to-mid 80% range for 2026.

CONSOLIDATED OPERATING RESULTS

The following discussion should be read in conjunction with the Consolidated Financial Statements and accompanying notes beginning on page 38 of this Form 10-K. This section generally discusses 2025 and 2024 items and the year-to-year comparisons between the years ended December 31, 2025 and 2024. Discussions of 2023 items and the year-to-year comparisons between the years ended December 31, 2024 and 2023 are not included in their entirety in this Form 10-K and can be found in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of the Company's Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on February 25, 2025.

Certain columns and rows in financial tables within management's discussion and analysis of financial condition and results of operations may not add due to rounding. Percentages have been calculated from the underlying whole-dollar amounts for all periods presented.

Operating results

	2025		2024		2023
Dollars and shares in millions, except per share data	**Amount**	**Increase/ (decrease)**	Amount	Increase/ (decrease)	Amount
Revenues					
Revenues from franchised restaurants	$ 16,548	5 %	$ 15,715	2 %	$ 15,437
Sales by Company-owned and operated restaurants	9,690	(1)	9,782	—	9,742
Other revenues	647	53	423	34	316
Total revenues	26,885	4	25,920	2	25,494
Operating costs and expenses					
Franchised restaurants-occupancy expenses	2,618	3	2,536	2	2,475
Company-owned and operated restaurant expenses	8,268	(1)	8,334	1	8,224
Other restaurant expenses	564	66	339	46	232
Selling, general & administrative expenses					
Depreciation and amortization	457	2	447	17	382
Other	2,583	7	2,412	(1)	2,435
Other operating (income) expense, net	2	(98)	139	41	99
Total operating costs and expenses	14,492	2	14,208	3	13,847
Operating income	12,393	6	11,712	1	11,647
Interest expense	1,582	5	1,506	11	1,361
Nonoperating (income) expense, net	(87)	(38)	(139)	(41)	(236)
Income before provision for income taxes	10,897	5	10,345	(2)	10,522
Provision for income taxes	2,334	10	2,121	3	2,053
Net income	$ 8,563	4 %	$ 8,223	(3) %	$ 8,469
Earnings per common share—diluted	$ 11.95	5 %	$ 11.39	(1) %	$ 11.56
Weighted-average common shares outstanding—diluted	716.4	(1) %	721.9	(1) %	732.3

IMPACT OF FOREIGN CURRENCY TRANSLATION

The impact of foreign currency translation on consolidated operating results in 2025 primarily reflected the strengthening of most major currencies against the U.S. Dollar, partly offset by the weakening of the Australian Dollar and Canadian Dollar.

While changes in foreign currency exchange rates affect reported results, McDonald's mitigates exposures, where practical, by purchasing goods and services in local currencies, financing in local currencies and hedging certain foreign-denominated cash flows. Results excluding the effect of foreign currency translation (referred to as constant currency) are calculated by translating current year results at prior year average exchange rates.

Impact of foreign currency translation on reported results

	Reported amount			Currency translation benefit/(cost)		
In millions, except per share data	**2025**	2024	2023	**2025**	2024	2023
Revenues	$ 26,885	$ 25,920	$ 25,494	$ 385	$ (57)	$ 22
Franchised margins	13,930	13,178	12,962	190	(31)	23
Company-owned and operated margins	1,422	1,447	1,517	24	(9)	1
Selling, general & administrative expenses	3,039	2,858	2,817	(18)	—	(3)
Operating income	12,393	11,712	11,647	198	(46)	19
Net income	8,563	8,223	8,469	114	(41)	30
Earnings per common share—diluted	11.95	11.39	11.56	0.16	(0.06)	0.04

NET INCOME AND DILUTED EARNINGS PER COMMON SHARE

In 2025, net income increased 4% (3% in constant currencies) to $8,563 million and diluted earnings per common share increased 5% (4% in constant currencies) to $11.95. Foreign currency translation had a positive impact of $0.16 on diluted earnings per share.

2025 results included:

- Net pre-tax charges of $229 million, or $0.25 per share, primarily related to restructuring charges associated with the Company's internal effort to modernize ways of working (*Accelerating the Organization)*

2024 results included:

- Pre-tax charges of $221 million, or $0.25 per share, primarily related to restructuring charges associated with *Accelerating the Organization*
- Net pre-tax charges of $70 million, or $0.08 per share, which primarily consisted of transaction costs, property sale gains and non-cash impairment charges associated with the sale of McDonald's business in South Korea and transaction costs associated with the acquisition of McDonald's business in Israel

Outlined below is additional information for the full year 2025 and 2024:

Net Income Reconciliation

	Amount		Increase/(decrease)		Increase/(decrease) excluding currency translation
	2025	**2024**	**2025**		**2025**
GAAP net income	**$ 8,563**	$ 8,223	**4**	**%**	**3** **%**
(Gains)/Charges, net of tax	**178**	236			
Non-GAAP net income	**$ 8,741**	$ 8,459	**3**	**%**	**2** **%**

Diluted Earnings Per Common Share Reconciliation

	Amount		Increase/(decrease)		Increase/(decrease) excluding currency translation
	2025	**2024**	**2025**		**2025**
GAAP earnings per share-diluted	**$ 11.95**	$ 11.39	**5**	**%**	**4** **%**
(Gains)/Charges	**0.25**	0.33			
Non-GAAP earnings per share-diluted	**$ 12.20**	$ 11.72	**4**	**%**	**3** **%**

The increase in 2025 net income and diluted earnings per common share was primarily driven by higher sales-driven Franchised margins.

The Company repurchased 6.7 million shares of its stock for $2.0 billion in 2025 and 10.1 million shares of its stock for $2.8 billion in 2024.

REVENUES

The Company's revenues consist of fees from restaurants owned and operated by franchisees, developmental licensees and affiliates and sales by Company-owned and operated restaurants. Revenues from conventional franchised restaurants include rent and royalties based on a percent of sales with minimum rent payments, and initial fees. Revenues from restaurants licensed to developmental licensees and affiliates include a royalty based on a percent of sales, and generally include initial fees. The Company's Other revenues are primarily comprised of fees paid by franchisees to recover a portion of costs incurred by the Company for various technology and digital platforms and revenues from brand licensing arrangements to market and sell consumer packaged goods using the McDonald's brand.

Franchised restaurants represented approximately 95% of McDonald's restaurants worldwide at December 31, 2025. The Company's heavily franchised business model is designed to generate stable and predictable revenue, which is largely a function of franchisee sales, and resulting cash flow streams.

Revenues

			Amount	Increase/(decrease)		Increase/(decrease) excluding currency translation	
Dollars in millions	**2025**	2024	2023	**2025**	2024	**2025**	2024
Franchised revenues:							
U.S.	**$ 7,371**	$ 7,211	$ 7,163	**2 %**	1 %	**2 %**	1 %
International Operated Markets	**7,279**	6,746	6,549	**8**	3	**5**	3
International Developmental Licensed Markets & Corporate	**1,898**	1,758	1,724	**8**	2	**7**	5
Total	**$ 16,548**	$ 15,715	$ 15,437	**5 %**	2 %	**4 %**	2 %
Company-owned and operated sales:							
U.S.	**$ 3,115**	$ 3,197	$ 3,221	**(3) %**	(1) %	**(3) %**	(1) %
International Operated Markets	**6,131**	5,713	5,702	**7**	—	**5**	—
International Developmental Licensed Markets & Corporate	**443**	872	819	**(49)**	6	**n/m**	9
Total	**$ 9,690**	$ 9,782	$ 9,742	**(1) %**	— %	**(2) %**	1 %
Total Franchised revenues and Company-owned and operated sales:							
U.S.	**$ 10,487**	$ 10,407	$ 10,384	**1 %**	— %	**1 %**	— %
International Operated Markets	**13,410**	12,458	12,251	**8**	2	**5**	2
International Developmental Licensed Markets & Corporate	**2,342**	2,630	2,543	**(11)**	3	**(13)**	6
Total	**$ 26,238**	$ 25,496	$ 25,178	**3 %**	1 %	**1 %**	1 %
Total Other revenues	**$ 647**	$ 423	$ 316	**53 %**	34 %	**52 %**	34 %
Total Revenues	**$ 26,885**	$ 25,920	$ 25,494	**4 %**	2 %	**2 %**	2 %

n/m Not meaningful

In 2025, total Franchised revenues and Company-owned and operated sales increased 3% (1% in constant currencies) benefiting from positive sales performance in the International Operated Markets. Revenue growth in the U.S. was driven by positive franchised sales performance, partly offset by negative Company-owned and operated sales performance. International Developmental Licensed Markets & Corporate revenues was impacted by the prior year sale of McDonald's business in South Korea, partly offset by the prior year acquisition of McDonald's business in Israel and positive sales performance.

The following tables present comparable sales and Systemwide sales increases/(decreases):

Comparable sales increases/(decreases)

	2025	2024	2023
U.S.	**2.1 %**	0.2 %	8.7 %
International Operated Markets	**3.2**	(0.2)	9.2
International Developmental Licensed Markets	**4.6**	(0.3)	9.4
Total Company	**3.1 %**	(0.1)%	9.0 %

*Systemwide sales increases/(decreases)**

			Increase/(decrease) excluding currency translation	
	2025	2024	**2025**	2024
U.S.	**3 %**	1 %	**3 %**	1 %
International Operated Markets	**8**	2	**5**	2
International Developmental Licensed Markets	**10**	—	**10**	4
Total Company	**7 %**	1 %	**5 %**	2 %

*Unlike comparable sales, the Company has not excluded sales from hyperinflationary markets from Systemwide sales as these sales are the basis on which the Company calculates and records revenues.

Franchised sales are not recorded as revenues by the Company, but are the basis on which the Company calculates and records franchised revenues and are indicative of the financial health of the franchisee base. The following table presents franchised sales and the related increases/(decreases):

Franchised sales

	Amount			Increase/(decrease)		Increase/(decrease) excluding currency translation	
Dollars in millions	**2025**	2024	2023	**2025**	2024	**2025**	2024
U.S.	**$ 51,946**	$ 50,272	$ 49,914	**3 %**	1 %	**3 %**	1 %
International Operated Markets	**42,440**	39,132	38,264	**8**	2	**5**	2
International Developmental Licensed Markets	**35,289**	31,529	31,573	**12**	—	**12**	3
Total	**$ 129,675**	$ 120,933	$ 119,750	**7%**	1%	**6%**	2%
Ownership type							
Conventional franchised	**$ 93,761**	$ 88,934	$ 87,809	**5 %**	1 %	**4 %**	2 %
Developmental licensed	**22,451**	19,736	20,045	**14**	(2)	**13**	(1)
Foreign affiliated	**13,463**	12,263	11,896	**10**	3	**9**	4
Total	**$ 129,675**	$ 120,933	$ 119,750	**7 %**	1 %	**6 %**	2 %

RESTAURANT MARGINS

Franchised restaurant margins are measured as revenues from franchised restaurants less franchised restaurant occupancy costs. Franchised restaurant occupancy costs include lease expense and depreciation, as the Company generally owns or secures a long-term lease on the land and building for the restaurant location.

Company-owned and operated restaurant margins are measured as sales from Company-owned and operated restaurants less costs for food & paper, payroll & employee benefits and occupancy & other operating expenses necessary to run an individual restaurant. Company-owned and operated margins exclude costs that are not allocated to individual restaurants, primarily payroll & employee benefit costs of non-restaurant support staff, which are included in Selling, general and administrative expenses.

Restaurant margins

	Amount			Increase/(decrease)		Increase/(decrease) excluding currency translation	
Dollars in millions	**2025**	2024	2023	**2025**	2024	**2025**	2024
Franchised:							
U.S.	**$ 6,078**	$ 5,916	$ 5,877	**3 %**	1 %	**3 %**	1 %
International Operated Markets	**5,954**	5,514	5,379	**8**	3	**5**	2
International Developmental Licensed Markets & Corporate	**1,897**	1,748	1,706	**9**	2	**8**	6
Total	**$ 13,930**	$ 13,178	$ 12,962	**6 %**	2 %	**4 %**	2 %
Company-owned and operated:							
U.S.	**$ 360**	$ 417	$ 488	**(14) %**	(15) %	**(14) %**	(15) %
International Operated Markets	**1,031**	948	995	**9**	(5)	**6**	(4)
International Developmental Licensed Markets & Corporate	**n/m**	n/m	n/m	**n/m**	n/m	**n/m**	n/m
Total	**$ 1,422**	$ 1,447	$ 1,517	**(2) %**	(5) %	**(3) %**	(4) %
Total restaurant margins:							
U.S.	**$ 6,438**	$ 6,334	$ 6,366	**2 %**	(1) %	**2 %**	(1) %
International Operated Markets	**6,985**	6,462	6,374	**8**	1	**5**	1
International Developmental Licensed Markets & Corporate	**n/m**	n/m	n/m	**n/m**	n/m	**n/m**	n/m
Total	**$ 15,351**	$ 14,625	$ 14,479	**5 %**	1 %	**3 %**	1 %

n/m Not meaningful

In 2025, total restaurant margins increased 5% (3% in constant currencies), which benefited from sales-driven growth in the International Operated Markets and sales-driven Franchised margins in the U.S. and International Developmental Licensed Markets & Corporate, partly offset by negative Company-owned and operated sales performance in the U.S.

Franchised margins represented approximately 90% of restaurant margin dollars.

Company-owned and operated margins reflected the impact of ongoing inflationary cost pressures in the U.S. and the International Operated Markets. The U.S. was impacted by negative sales performance for the year, while the International Operated Markets reflected sales-driven growth.

Total restaurant margins included depreciation and amortization expense of $1.7 billion and $1.6 billion for 2025 and 2024, respectively.

SELLING, GENERAL & ADMINISTRATIVE EXPENSES

Selling, general & administrative expenses

Dollars in millions	*Amount*			*Increase/(decrease)*		*Increase/(decrease) excluding currency translation*	
	2025	*2024*	*2023*	***2025***	*2024*	***2025***	*2024*
U.S.	**$ 653**	$ 654	$ 661	**— %**	(1) %	**— %**	(1) %
International Operated Markets	**705**	631	635	**12**	(1)	**9**	(1)
International Developmental Licensed Markets & Corporate[1]	**1,682**	1,573	1,521	**7**	3	**7**	3
Total Selling, General & Administrative Expenses	**$ 3,039**	$ 2,858	$ 2,817	**6 %**	1 %	**6 %**	1 %
Less: Incentive-Based Compensation[2]	**370**	268	424	**38**	(37)	**38**	(37%)
Total Excluding Incentive-Based Compensation	**$ 2,670**	$ 2,591	$ 2,393	**3 %**	8 %	**2 %**	8 %

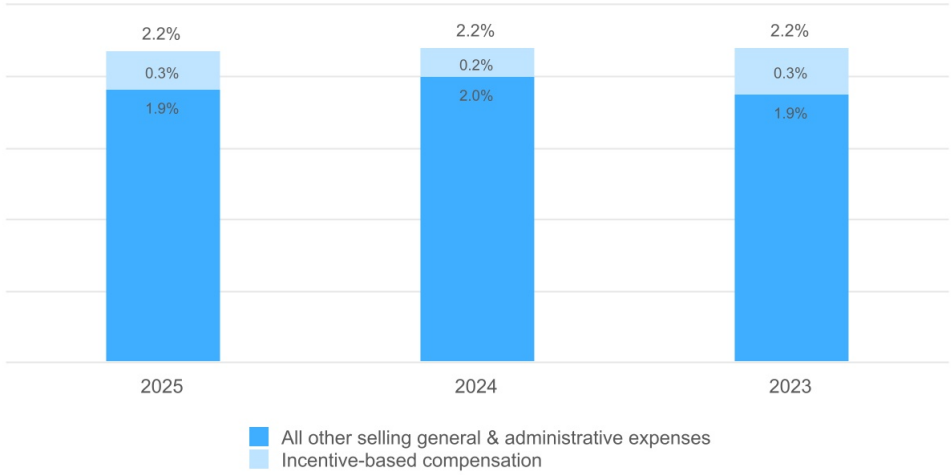
(1) Includes corporate office support costs in areas such as facilities, finance, human resources, investments in strategic technology initiatives, legal, marketing, restaurant operations, supply chain and training.

(2) Includes all cash incentives and share-based compensation expense.

In 2025, consolidated selling, general and administrative expense increased 6% (6% in constant currencies), primarily reflecting higher employee costs, including incentive-based compensation.

Management believes that analyzing selling, general and administrative expenses as a percent of Systemwide sales is meaningful because these costs are incurred to support the overall McDonald's business.

SELLING, GENERAL & ADMINISTRATIVE EXPENSES AS A PERCENT OF SYSTEMWIDE SALES



OTHER OPERATING (INCOME) EXPENSE, NET

Other operating (income) expense, net

In millions	**2025**	*2024*	*2023*
Gains on sales of restaurant businesses	**$ (133)**	$ (94)	$ (103)
Equity in earnings of unconsolidated affiliates	**(190)**	(157)	(153)
Asset dispositions and other (income) expense, net	**97**	100	(7)
Impairment and other charges (gains), net	**229**	291	362
Total	**$ 2**	$ 139	$ 99

- ***Gains on sales of restaurant businesses***

Gains on sales of restaurant businesses increased primarily due to more sales of restaurants in the International Operated Markets and the U.S.

- ***Impairment and other charges (gains), net***

In 2025, impairment and other charges (gains), net reflected pre-tax charges of $229 million, primarily related to restructuring charges associated with the Company's internal effort to modernize ways of working (*Accelerating the Organization*).

In 2024, impairment and other charges (gains), net reflected pre-tax charges of $221 million, primarily related to restructuring charges associated with *Accelerating the Organization* and net pre-tax charges of $70 million, primarily consisting of transaction costs, property sale gains and non-cash impairment charges associated with the sale of McDonald's business in South Korea and transaction costs associated with the acquisition of McDonald's business in Israel.

OPERATING INCOME

Operating income

Dollars in millions	***2025***	*2024*	*Amount 2023*	*Increase/(decrease)* ***2025***	*Increase/(decrease)* *2024*	*Increase/(decrease) excluding currency translation* ***2025***	*Increase/(decrease) excluding currency translation* *2024*
U.S.	**$ 5,808**	$ 5,733	$ 5,694	**1 %**	1 %	**1 %**	1 %
International Operated Markets	**6,382**	5,946	5,831	**7**	2	**4**	2
International Developmental Licensed Markets & Corporate	**203**	33	121	**n/m**	(73)	**n/m**	(23)
Total	**$ 12,393**	$ 11,712	$ 11,647	**6 %**	1 %	**4 %**	1 %
Operating margin	**46.1 %**	45.2 %	45.7 %				

*Operating income reconciliation**

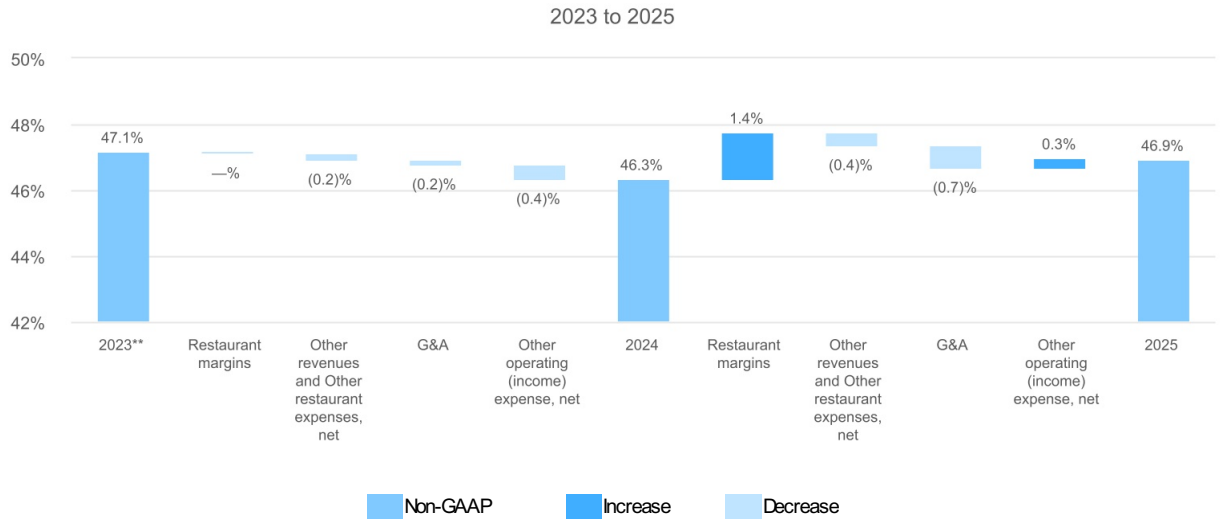
Dollars in millions	***2025***	*Amount 2024*	*Increase/(decrease)* ***2025***	*Increase/(decrease) excluding currency translation* ***2025***
GAAP operating income	**$ 12,393**	$ 11,712	**6 %**	**4 %**
(Gains)/charges	**229**	291		
Non-GAAP operating income	**$ 12,621**	$ 12,003	**5 %**	**3 %**
Non-GAAP operating margin	**46.9 %**	46.3 %		

*Refer to the Impairment and other charges (gains), net line within the Other Operating (Income) Expense, Net section above for details of the gains and charges in this table.

Operating income increased 6% (4% in constant currencies). Excluding the current and prior year charges shown in the table above, operating income increased 5% (3% in constant currencies) for 2025. Results primarily reflected positive operating results, primarily due to higher sales-driven Franchised margins across all segments, partly offset by higher Selling, general, and administrative expenses in the International Developmental Licensed Markets & Corporate and the International Operated Markets.

Operating margin is defined as operating income as a percent of total revenues. The contributions to operating margin differ by segment due to each segment's ownership structure, primarily due to the relative percentage of franchised versus Company-owned and operated restaurants. Additionally, temporary restaurant closures, which vary by segment, impact the contribution of each segment to the consolidated operating margin.

*NON-GAAP OPERATING MARGIN PERCENT ROLL-FORWARD**



*Refer to the Operating Income section on page 18 in this Form 10-K for details regarding operating margin percent for 2025 and 2024.

**Refer to the Operating Income section on page 18 of the Company's Form 10-K for the year ended December 31, 2023.

INTEREST EXPENSE

Interest expense increased 5% (4% in constant currencies) and 11% (11% in constant currencies) in 2025 and 2024, respectively. Results in 2025 reflected the impact of foreign currency translation and higher average interest rates.

NONOPERATING (INCOME) EXPENSE, NET

Nonoperating (income) expense, net

In millions	**2025**	2024	2023
Interest income	**$ (82)**	$ (103)	$ (187)
Foreign currency and hedging activity	**40**	6	(19)
Other (income) expense	**(45)**	(42)	(31)
Total	**$ (87)**	$ (139)	$ (236)

In 2025, Interest income decreased due to lower average cash balances and lower average interest rates.

PROVISION FOR INCOME TAXES

In 2025 and 2024, the reported effective income tax rates were 21.4% and 20.5%, respectively.

Results for 2024 reflected discrete income tax benefits related to restructuring initiatives.

Consolidated deferred tax assets, net of valuation allowance, were $7.4 billion in 2025 and $7.0 billion in 2024. Substantially all of the net deferred tax assets are expected to be realized in the U.S. and other profitable markets.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Recently issued accounting pronouncements are included on page 45 of this Form 10-K.

CASH FLOWS

The Company has a long history of generating significant cash from operations and has substantial credit capacity to fund operating and discretionary spending to invest in opportunities to grow the business, such as restaurant development, in addition to funding debt service payments, dividends and share repurchases.

Cash provided by operations totaled $10.6 billion in 2025, an increase of $1.1 billion driven by favorable working capital movement and improved operating results. Free cash flow was $7.2 billion in 2025, a decrease of $510 million or 8%. The Company's free cash flow conversion rate was 84% in 2025 and 81% in 2024.

Cash used for investing activities totaled $3.8 billion in 2025, a decrease of $1.5 billion compared with 2024. The decrease was primarily due to the Company's increased ownership stake in Grand Foods Holding in 2024.

Cash used for financing activities totaled $7.1 billion in 2025, down slightly compared with 2024. The decrease was primarily due to lower Treasury stock purchases in the current year.

The Company's cash and equivalents balance was $774 million and $1,085 million at year end 2025 and 2024, respectively. In addition to cash and equivalents on hand and cash provided by operations, the Company can meet short-term funding needs through its continued access to commercial paper borrowings and line of credit agreements.

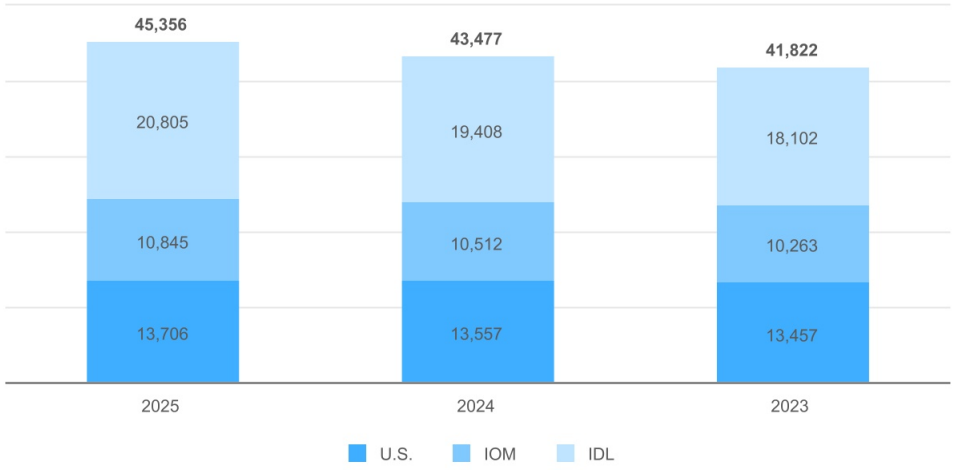
RESTAURANT DEVELOPMENT AND CAPITAL EXPENDITURES

In 2025, the Company opened 2,276 restaurants and closed 396 restaurants. In 2024, the Company opened 2,116 restaurants and closed 461 restaurants. The increase in openings in 2025 is a result of the Company's Restaurant Development growth pillar under our *Accelerating the Arches* Strategy.

Systemwide restaurants at year end

	2025	*2024*	*2023*
U.S.	**13,706**	13,557	13,457
International Operated Markets	**10,845**	10,512	10,263
International Developmental Licensed Markets & Corporate	**20,805**	19,408	18,102
Total	**45,356**	43,477	41,822

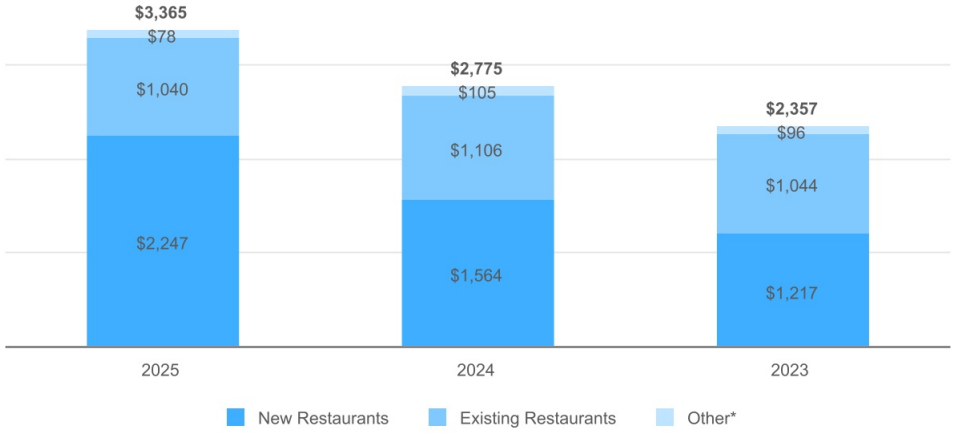
RESTAURANTS BY SEGMENT



Approximately 95% of the restaurants at year-end 2025 were franchised, including 95% in the U.S., 89% in the International Operated Markets and 99% in the International Developmental Licensed Markets.

Capital expenditures increased $590 million or 21% in 2025 primarily due to increased investment in restaurant openings as a result of the Company's Restaurant Development growth pillar under our *Accelerating the Arches* Strategy.

CAPITAL EXPENDITURES BY TYPE (In millions)



** Primarily corporate equipment and other office-related expenditures.*

New restaurant investments in all years presented were concentrated in markets with strong returns and/or opportunities for long-term growth. Average development costs vary widely by market depending on the types of restaurants built and the real estate and construction costs within each market. These costs, which include land, buildings and equipment, are managed through the use of optimally-sized restaurants, construction and design efficiencies, as well as leveraging the Company's global sourcing network and best practices.

As of December 31, 2025 and 2024, the Company owned approximately 56% of the land and approximately 80% of the buildings for restaurants in its consolidated markets.

SHARE REPURCHASES AND DIVIDENDS

In 2025, the Company returned approximately $7.1 billion to shareholders through a combination of dividends paid and shares repurchased.

Shares repurchased and dividends

In millions, except per share data	***2025***	*2024*	*2023*
Number of shares repurchased	**6.7**	10.1	11.1
Shares outstanding at year end	**711**	715	723
Dividends declared per share	**$ 7.17**	$ 6.78	$ 6.23
Treasury stock purchases *(in Shareholders' equity)*	**$ 2,016**	$ 2,826	$ 3,105
Dividends paid	**5,115**	4,870	4,533
Total returned to shareholders	**$ 7,131**	$ 7,696	$ 7,638

On November 21, 2024, the Company's Board of Directors approved a share repurchase program, effective January 1, 2025 with no specified expiration date, that authorized the purchase of up to $15.0 billion of the Company's outstanding common stock. In 2025, approximately 6.7 million shares were repurchased for $2.0 billion under the program.

The Company has paid dividends on its common stock for 50 consecutive years and has increased the dividend amount every year. The 2025 full year dividend of $7.17 per share reflects the quarterly dividend paid for each of the first three quarters of $1.77 per share, with an increase to $1.86 per share paid in the fourth quarter. This 5% increase in the quarterly dividend equates to a $7.44 per share annual dividend and reflects the Company's confidence in the ongoing strength and reliability of its cash flow. As in the past, future dividend amounts will be considered after reviewing profitability expectations and financing needs, and will be declared at the discretion of the Company's Board of Directors.

FINANCIAL POSITION AND CAPITAL RESOURCES

TOTAL ASSETS AND RETURN

Total assets increased $4.3 billion or 8% in 2025, primarily due to the impact of foreign currency translation and an increase in Net property and equipment. Net property and equipment increased $2.9 billion in 2025, primarily due to increased capital expenditures as a result of the Company's Restaurant Development growth pillar under our *Accelerating the Arches* strategy.

The Company's after-tax ROIC from continuing operations is a metric that management believes measures capital-allocation effectiveness over time and was 20.3%, 21.8% and 25.2% as of December 31, 2025, 2024, and 2023, respectively. Refer to the reconciliation in Exhibit 99.1 to this Form 10-K.

FINANCING AND MARKET RISK

The Company generally borrows on a long-term basis and is exposed to the impact of interest rate changes and foreign currency fluctuations. Debt obligations at December 31, 2025 totaled $40.0 billion, compared with $38.4 billion at December 31, 2024. The net increase in 2025 was primarily due to the impact of changes in exchange rates on foreign currency denominated debt.

Debt highlights[1]

	2025	*2024*	*2023*
Fixed-rate debt as a percent of total debt[2,3]	**97 %**	96 %	96 %
Weighted-average annual interest rate of total debt[3]	**4.0**	4.0	3.7
Foreign currency-denominated debt as a percent of total debt[2]	**39**	34	38
Total debt as a percent of total capitalization (total debt and total Shareholders' equity)[2]	**105**	111	114
Cash provided by operations as a percent of total debt[2]	**26**	24	24

(1) All percentages are as of December 31, except for the weighted-average annual interest rate, which is for the year. See reconciliation in Exhibit 99.1.
(2) Based on debt obligations before the effects of fair value hedging adjustments and deferred debt costs. These effects are excluded as they have no impact on the obligation at maturity. See the Debt Financing footnote on page 61 of this Form 10-K.
(3) Includes the effect of interest rate swaps used to hedge debt.

Standard & Poor's and Moody's currently rate the Company's commercial paper A-2 and P-2, respectively, and its long-term debt BBB+ and Baa1, respectively. To access the debt capital markets, the Company relies on credit-rating agencies to assign short-term and long-term credit ratings.

Certain of the Company's debt obligations contain cross-acceleration provisions and restrictions on Company and subsidiary mortgages and the long-term debt of certain subsidiaries. There are no provisions in the Company's debt obligations that would accelerate repayment of debt as a result of a change in credit ratings or a material adverse change in the Company's business. On November 21, 2024, the Company's Board of Directors authorized $15.0 billion of borrowing capacity with no specified expiration date, of which $10.3 billion remained available as of December 31, 2025, with no specified expiration date. These borrowings may include (i) public or private offering of debt securities; (ii) direct borrowing from banks or other financial institutions; and (iii) other forms of indebtedness. In addition to debt securities available through a medium-term notes program registered with the SEC and a Global Medium-Term Notes program, the Company is authorized to issue up to $5.0 billion of commercial paper, and has $4.0 billion available under a committed line of credit agreement (see the Debt Financing footnote on page 61 of this Form 10-K).

The Company uses major capital markets, bank financings and derivatives to meet its financing requirements. The Company manages its debt portfolio in response to changes in interest rates and foreign currency rates by periodically retiring, redeeming and repurchasing debt, terminating swaps and using derivatives. The Company does not hold or issue derivatives for trading purposes. All swaps are over-the-counter instruments.

In managing the impact of interest rate changes and foreign currency fluctuations, the Company uses interest rate swaps and finances in the currencies in which assets are denominated. The Company uses foreign currency debt and derivatives to hedge the foreign currency risk associated with certain royalties, intercompany financings and long-term investments in foreign subsidiaries and affiliates. This reduces the impact of fluctuating foreign currencies on cash flows and shareholders' equity. Total foreign currency-denominated debt was $15.6 billion and $13.2 billion for the years ended December 31, 2025 and 2024, respectively. In addition, where practical, the Company's restaurants purchase goods and services in local currencies resulting in natural hedges. See the Summary of significant accounting policies footnote related to financial instruments and hedging activities on page 48 of this Form 10-K for additional information regarding the accounting impact and use of derivatives.

The Company does not have significant exposure to any individual counterparty and has master agreements that contain netting arrangements. Certain of these agreements also require each party to post collateral if credit ratings fall below, or aggregate exposures exceed, certain contractual limits. At December 31, 2025, the Company was required to post $79 million of collateral due to the negative fair value of certain derivative positions.

The Company's net asset exposure is diversified among a broad basket of currencies. The Company's largest net asset exposures (defined as foreign currency assets less foreign currency liabilities) at year end were as follows:

Foreign currency net asset exposures

In millions of U.S. Dollars	***2025***	*2024*
Australian Dollars	**$ 1,771**	$ 1,479
British Pounds Sterling	**1,416**	1,149
Polish Zloty	**820**	636
China Renminbi	**501**	334
Hong Kong Dollars	**289**	226

The Company analyzed its portfolio of financial instruments to determine the impact of hypothetical changes in interest rates and foreign currency exchange rates on the Company's results of operations, cash flows and the fair value of its financial instruments. The interest rate analysis assumed a one percentage point adverse change in interest rates on all financial instruments, but did not consider the effects of the reduced level of economic activity that could exist in such an environment. The foreign currency rate analysis assumed that each foreign currency rate would change by 10% in the same direction relative to the U.S. Dollar on all financial instruments; however, the analysis did not include the potential impact on revenues, local currency prices or the effect of fluctuating currencies on the Company's anticipated foreign currency royalties and other payments received from the markets. Based on the results of these analyses of the Company's financial instruments, neither a one percentage point adverse change in interest rates from 2025 levels nor a 10% adverse change in foreign currency rates from 2025 levels would materially affect the Company's results of operations, cash flows or the fair value of its financial instruments.

LIQUIDITY AND USES OF CASH

The Company generates significant cash from operations and expects available cash and cash equivalents, future operating cash flows and its ability to issue debt to be sufficient to finance its foreseeable operating needs and other cash requirements in both the short-term and long-term.

Consistent with prior years, the Company expects existing domestic cash and equivalents, domestic cash flows from operations, the ability to issue domestic debt and repatriation of a portion of foreign earnings to continue to be sufficient to fund its domestic operating, investing and financing activities. The Company also continues to expect existing foreign cash and equivalents and foreign cash flows from operations to be sufficient to fund its foreign operating, investing and financing activities. In the future, should more capital be required to fund activities in the U.S. than is generated by domestic operations and is available through the issuance of domestic debt, the Company could elect to repatriate a greater portion of future periods' earnings from foreign jurisdictions.

The Company has significant operations outside the U.S. where it earns approximately 68% of its operating income. A significant portion of these historical earnings have been reinvested in foreign jurisdictions where the Company has made, and will continue to make, substantial investments to support the ongoing development and growth of its international operations.

Sources of Liquidity

The Company has long-term revenue and cash flow streams that relate to its franchise arrangements. Minimum rent payments under franchise arrangements are based on the Company's underlying investment in owned sites and parallel the Company's underlying lease obligations and escalations on properties that are leased. The Company believes that control over the real estate enables it to achieve restaurant performance levels that are among the highest in the industry. Refer to the Franchise Arrangements footnote on page 53 of this Form 10-K for additional information on future gross minimum payments due to the Company under existing conventional franchise arrangements.

Additionally, the Company is authorized to utilize up to $15.0 billion of borrowing capacity in various forms by the Board of Directors, of which $10.3 billion remained available as of December 31, 2025, with no specified expiration date. The Company is also authorized to issue up to $5.0 billion of commercial paper, and has $4.0 billion available under a committed line of credit agreement. Refer to the Financing and Market Risk section on page 22 of this Form 10-K.

Material Cash Requirements and Uses of Cash

Material cash requirements primarily consist of lease obligations (related to both Company-operated and franchised restaurants) and debt obligations. Refer to the Leasing Arrangements footnote on page 54 and the Debt Financing footnote on page 61 of this Form 10-K for more information.

The Company also records liabilities related to supplemental benefit plans maintained in the U.S. as well as liabilities for gross unrecognized tax benefits on certain tax positions. Details related to these obligations are provided in the Employee Benefit Plan footnote on page 60 and the Income Taxes footnote on page 58 of this Form 10-K.

The Company contracts with vendors and suppliers in the normal course of business. These contracts may include items related to construction projects, inventory, energy, marketing, technology and other services. Generally, these items are shorter term in nature and have no minimum payment requirements. These expenses, along with other standard operating expenses incurred, are funded from operating cash flows and reflected in other areas of this Form 10-K (e.g., Franchised margins, Company-owned and operated margins and Selling, general & administrative expenses that are reflected in the Consolidated Statement of Income and capital expenditures that are reflected on the Consolidated Statement of Cash Flows).

Additionally, the Company has guaranteed certain loans totaling approximately $85 million at December 31, 2025. These guarantees are contingent commitments generally issued by the Company to support borrowing arrangements of the System. At December 31, 2025, there was no carrying value for obligations under these guarantees in the Consolidated Balance Sheet.

OTHER MATTERS

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's Discussion and Analysis of Financial Condition and Results of Operations is based upon the Company's Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, as well as related disclosures. On an ongoing basis, the Company evaluates its estimates and judgments based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The Company reviews its financial reporting and disclosure practices and accounting policies quarterly to confirm that they provide accurate and transparent information relative to the current economic and business environment. The Company believes that of its significant accounting policies, the following involve a higher degree of judgment and/or complexity:

- ***Property and equipment***

Property and equipment are depreciated or amortized on a straight-line basis over their useful lives based on management's estimates of the period over which the assets will generate revenue (not to exceed lease term plus options for leased property). The useful lives are estimated based on historical experience with similar assets, taking into account anticipated technological or other changes. Refer to the Property and Equipment section in the Summary of Significant Accounting Policies footnote on page 45 of this Form 10-K and the Property and Equipment footnote on page 53 of this Form 10-K for additional information.

- ***Leasing Arrangements***

The Lease right-of-use asset and Lease liability include an assumption on renewal options that have not yet been exercised by the Company. The Company also uses an incremental borrowing rate in calculating the Lease liability that represents an estimate of the interest rate the Company would incur to borrow on a collateralized basis over the term of a lease within a particular currency environment. Refer to the Leasing section in the Summary of Significant Accounting Policies footnote on page 46 of this Form 10-K and the Leasing Arrangements footnote on page 54 of this Form 10-K for additional information.

- ***Long-lived assets impairment review***

Long-lived assets are reviewed for impairment indicators annually. If qualitative indicators of impairment are present, such as changes in global and local business and economic conditions, operating costs, inflation, competition, and consumer and demographic trends, the Company will use these and other factors in estimating future cash flows when testing for the recoverability of its long-lived assets. Estimates of future cash flows are highly subjective judgments based on the Company's experience and knowledge of its operations. A key assumption impacting estimated future cash flows is the estimated change in comparable sales. If the Company's estimates or underlying assumptions change in the future, it may be required to record impairment charges. Refer to the Long-lived Assets section in the Summary of Significant Accounting Policies footnote on page 46 of this Form 10-K for additional information.

- ***Litigation accruals***

In the ordinary course of business, the Company is subject to proceedings, lawsuits and other claims primarily related to competitors, customers, employees, franchisees, government agencies, intellectual property, shareholders and suppliers. The Company is required to assess the likelihood of any adverse judgments or outcomes to these matters as well as potential ranges of probable losses. Refer to the Contingencies footnote on page 55 of this Form 10-K for additional information.

- ***Income taxes***

The Company records a valuation allowance to reduce its deferred tax assets if it is considered more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company operates within, and is subject to audit in, multiple taxing jurisdictions. The Company records accruals for the estimated outcomes of these audits, and the accruals may change in the future due to new developments in each matter.

Refer to the Income Taxes section in the Summary of Significant Accounting Policies footnote on page 47 of this Form 10-K and the Income Taxes footnote on page 58 of this Form 10-K for additional information.

EFFECTS OF CHANGING PRICES — INFLATION

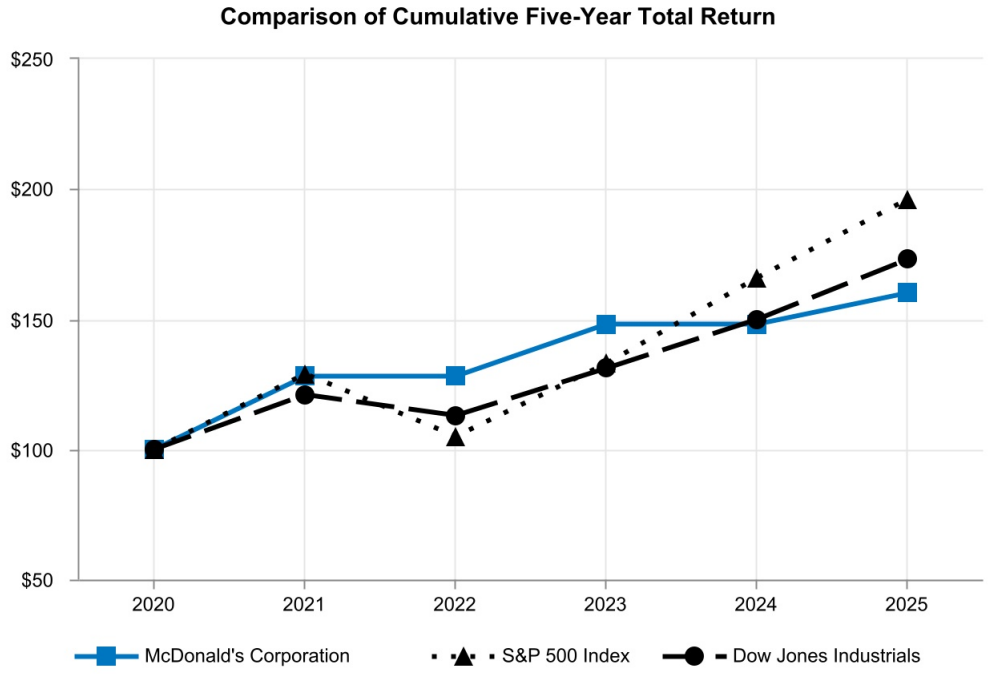
Although broader inflationary pressures in the economy continue to ease, the challenges of an inflationary environment still exist. The Company has demonstrated an ability to manage these inflationary pressures effectively through its rapid inventory turnover, ability to adjust menu prices, cost controls and substantial property holdings, many of which are at fixed costs.

STOCK PERFORMANCE GRAPH

At least annually, McDonald's considers which companies comprise a readily identifiable investment peer group. The Company is included in published restaurant indices; however, unlike most other companies included in these indices, which have no or limited international operations, McDonald's does business in more than 100 countries and a substantial portion of its revenues and income is generated outside the U.S. In addition, because of its size, McDonald's inclusion in those indices tends to skew the results. Therefore, the Company believes that such a comparison is not meaningful.

The Company's market capitalization, trading volume and importance in an industry that is vital to the U.S. economy have resulted in McDonald's inclusion in the Dow Jones Industrial Average ("DJIA") since 1985. Like McDonald's, many DJIA companies generate meaningful revenues and income outside the U.S. and some manage global brands. Thus, the Company believes that the use of the DJIA companies as the group for comparison purposes is appropriate.

The following performance graph shows McDonald's cumulative total shareholder returns (i.e., price appreciation and reinvestment of dividends) relative to the Standard & Poor's 500 Stock Index ("S&P 500 Index") and to the DJIA companies for the five-year period ended December 31, 2025. The graph assumes that the value of an investment in McDonald's common stock, the S&P 500 Index and the DJIA companies (including McDonald's) was $100 at December 31, 2020. For the DJIA companies, returns are weighted for market capitalization as of the beginning of each period indicated. These returns may vary from those of the DJIA Index, which is not weighted by market capitalization and may be composed of different companies during the period under consideration.



Company/Index	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2025
McDonald's Corporation	$100	$128	$128	$148	$148	$160
S&P 500 Index	$100	$129	$105	$133	$166	$196
Dow Jones Industrials	$100	$121	$113	$131	$150	$173

Source: S&P Capital IQ

MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET INFORMATION AND DIVIDEND POLICY

The Company's common stock trades under the symbol MCD and is listed on the New York Stock Exchange in the U.S.

The number of shareholders of record and beneficial owners of the Company's common stock as of January 31, 2026 was estimated to be 5,100,000.

Given the Company's returns on its capital investments and significant cash provided by operations, management believes it is prudent to reinvest in the business to drive profitable growth and use excess cash flow to return cash to shareholders over time through dividends and share repurchases. The Company has paid dividends on common stock for 50 consecutive years through 2025 and has increased the dividend amount at least once every year. As in the past, future dividend amounts will be considered after reviewing profitability expectations and financing needs, and will be declared at the discretion of the Company's Board of Directors.

ISSUER PURCHASES OF EQUITY SECURITIES

The following table presents information related to repurchases of common stock the Company made during the quarter ended December 31, 2025*:

Date	*Total Number of Shares Purchased*	*Average Price Paid per Share*	*Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs*[1]	*Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs*[1]
October 1-31, 2025	813,393	$ 304.07	813,393	$ 13,296,795,811
November 1-30, 2025	592,192	304.27	592,192	13,116,612,182
December 1-31, 2025	423,841	313.70	423,841	12,983,652,040
Total	1,829,426	$ 306.37	1,829,426	

* *Subject to applicable law, the Company may repurchase shares directly in the open market, in privately negotiated transactions or pursuant to derivative instruments and plans complying with Rule 10b5-1 under the Exchange Act, among other types of transactions and arrangements.*

(1) *On November 21, 2024, the Company's Board of Directors approved a share repurchase program, effective January 1, 2025 with no specified expiration date, that authorized the purchase of up to $15.0 billion of the Company's outstanding common stock.*

RISK FACTORS

Cautionary Statement Regarding Forward-Looking Statements

The information in this report contains forward-looking statements about future events and circumstances and their effects upon revenues, expenses and business opportunities. Generally speaking, any statement in this report not based upon historical fact is a forward-looking statement. Forward-looking statements can also be identified by the use of forward-looking or conditional words, such as “could,” “should,” “can,” “continue,” “aim,” “estimate,” “forecast,” “intend,” “look,” “may,” “will,” “expect,” “believe,” “anticipate,” “plan,” “remain,” “confident,” “commit,” “enable,” “potential” and "trajectory" or similar expressions. In particular, statements regarding our plans, strategies, prospects and expectations regarding our business and industry are forward-looking statements. They reflect our expectations, are not guarantees of performance and speak only as of the dates the statements are made. Except as required by law, we do not undertake to update such forward-looking statements. You should not rely unduly on forward-looking statements.

Risk Factors

Our business results are subject to a variety of risks, including those that are described below and elsewhere in our filings with the SEC. The risks described below are not the only risks we face. Additional risks not currently known to us or that we currently deem to be immaterial may also significantly adversely affect our business. If any of these risks were to materialize or intensify, our expectations (or the underlying assumptions) may change and our performance may be adversely affected.

STRATEGY AND BRAND

If we do not successfully evolve and execute against our business strategies, we may not be able to drive business growth.

To drive Systemwide sales, operating income and free cash flow growth, our business strategies – including the components of our *Accelerating the Arches* growth strategy – must be effective in maintaining and strengthening customer appeal and capturing additional market share. Whether these strategies are successful depends mainly on our System’s continued ability to:

- capitalize on our global scale, iconic brand and local market presence to build upon our historic strengths and competitive advantages, including by maximizing our marketing, committing to our core menu items, and doubling down on digital, delivery, drive thru and restaurant development;
- innovate and differentiate the McDonald’s experience, including by preparing and serving our food in a way that balances value and convenience to our customers with profitability;
- build upon our investments to transform and enhance the customer experience, including building one of the world’s largest consumer platforms to fuel engagement;
- run great restaurants by building the easiest and most efficient restaurant operating platform which enables franchisees to run restaurants more efficiently and utilize the latest cloud-based technology to make it easier for crews to deliver exceptional customer service;
- accelerate our existing strategies, including through growth opportunities and building a modern company platform that unlocks speed and innovation throughout the organization; and
- evolve and adjust our strategies in response to, among other things, changing consumer behavior, and other events impacting our results of operations and liquidity.

If we are delayed or unsuccessful in evolving or executing against our strategies, if the execution of our strategies proves to be more difficult, costly or time consuming than expected, or if our strategies do not yield the desired results, our business, financial condition and results of operations may suffer.

Failure to preserve the value or relevance of our brand could have an adverse impact on our financial results.

To continue to be successful in the future, we believe we must preserve, enhance and leverage the value and relevance of our brand, including our corporate purpose, mission and values. Brand value is based in part on consumer perceptions, which are affected by a variety of factors, including the nutritional content and preparation of our food, the ingredients we use, the manner in which we source commodities and general business practices across the System, including the people practices at McDonald’s restaurants. Our business could also be impacted by business incidents or practices, whether actual or perceived, particularly if they receive considerable publicity or result in litigation or governmental investigations or proceedings, as well as by our perceived position or lack of position on environmental, social responsibility, public policy, geopolitical and similar matters. In addition, we cannot ensure that franchisees or business partners will not take actions that adversely affect the value and relevance of our brand. Consumer perceptions may also be affected by adverse commentary from third parties, including through social media or conventional media outlets, regarding the quick-service category of the "informal eating out" ("IEO") segment or our brand, culture, operations, suppliers or franchisees. If we are unsuccessful in addressing adverse commentary or perceptions, whether or not accurate, our brand and financial results may suffer.

If we do not anticipate and address industry trends and evolving consumer preferences and effectively execute our pricing, promotional and marketing plans, our business could suffer.

Our continued success depends on our System’s ability to build upon our historic strengths and competitive advantages. To do so, we need to anticipate and respond effectively to continuously shifting consumer demographics and industry trends in sourcing, food and beverage preparation, menu offerings, and consumer behavior and preferences, including with respect to the use of digital channels, health and wellness trends and environmental and social responsibility matters. If we are not able to predict, or quickly and effectively respond to, these changes, or if our competitors are able to do so more effectively, our financial results could be adversely impacted.

Consumer acceptance of our menu offerings is subject to change for a variety of reasons, and some changes can occur rapidly. For example, health, environmental and other scientific studies and practices (such as changes to dietary guidelines or use of weight-loss medications), continuously evolve and may have contradictory implications, drive popular opinion, litigation and regulation, and alter consumer behavior in ways that affect the IEO segment or perceptions of our brand, generally or relative to available alternatives.

Our ability to build upon our strengths and advantages also depends on the impact of pricing, promotional and marketing plans across the System, and the ability to adjust these plans to respond quickly and effectively to evolving customer behavior and preferences, as well as shifting economic and competitive conditions. Existing or future pricing strategies and marketing plans, as well as the value proposition they represent, are expected to continue to be important components of our business strategy. However, they may not be successful, or may not be as successful as the efforts of our competitors, which could negatively impact sales, guest counts and market share.

Additionally, we operate in a complex and costly advertising environment. Our marketing and advertising programs may not be successful in reaching consumers in the way we intend. Our success depends in part on whether the allocation of our advertising and marketing resources across different channels, including digital, allows us to reach consumers effectively, efficiently and in ways that are meaningful to them. If our advertising and marketing programs are not successful, or are not as successful as those of our competitors, our sales, guest counts and market share could decrease.

Our investments to transform and enhance the customer experience, including through technology, may not generate the expected results.

Our long-term business objectives depend on the successful Systemwide execution of our strategies. We continue to build upon our investments in restaurant development, technology, digital engagement and delivery in order to transform and enhance the customer experience. As part of these investments, we are continuing to place emphasis on improving our service model and strengthening relationships with customers, in part through digital channels and loyalty initiatives, mobile ordering and payment systems, and enhancing our drive thru technologies, which efforts may not generate expected results. We also continue to expand and refine our delivery initiatives, including through integrating delivery and mobile ordering. Utilizing a third-party delivery service may not have the same level of profitability as a non-delivery transaction and may introduce additional food quality, food safety and customer satisfaction risks. If these customer experience initiatives are not successfully executed, or if we do not fully realize the intended benefits of these significant investments, our business results may suffer.

We face intense competition in our markets, which could hurt our business.

We compete primarily in the IEO segment, which is highly competitive. We also face sustained, intense competition from traditional, fast casual and other competitors, which may include many non-traditional market participants such as convenience stores, grocery stores, coffee shops and online retailers. We expect our environment to continue to be highly competitive and our results in any particular reporting period may be impacted by a contracting IEO segment or by new or continuing actions, product offerings, technologies or consolidation of our competitors and third-party partners, which may have short- and long-term impacts on our results.

We compete primarily on the basis of product choice, quality, affordability, service and location. In particular, we believe our ability to compete successfully in the current market environment depends on our ability to improve existing products, successfully develop and introduce new products, price our products appropriately, deliver a relevant customer experience, manage the complexity of our restaurant operations, manage our investments in restaurant development, technology, digital engagement and delivery, and respond effectively to our competitors' actions or offerings or to unforeseen disruptive actions. There can be no assurance these strategies will be effective, and some strategies may be effective at improving some metrics while adversely affecting others, which could have the overall effect of harming our business.

We may not be able to adequately protect our intellectual property or adequately ensure that we are not infringing the intellectual property of others, which could harm the value of the McDonald's brand and our business.

Our success depends on our continued ability to use our existing trademarks and service marks in order to increase brand awareness and further develop our branded products in both domestic and international markets. We rely on a combination of trademarks, copyrights, service marks, trade secrets, patents and other intellectual property rights to protect our brand and branded products.

We have registered certain trademarks and have other trademark registrations pending in the U.S. and certain foreign jurisdictions. The trademarks that we currently use have not been, and may never be, registered in all of the countries outside of the U.S. in which we do business or may do business in the future. It may be costly and time consuming to protect our intellectual property, particularly in rapidly evolving areas, and the steps we have taken to do so in the U.S. and foreign countries may not be adequate. In addition, the steps we have taken may not adequately ensure that we do not infringe the intellectual property of others, and third parties may claim infringement by us in the future. In particular, we may be involved in intellectual property claims, including often aggressive or opportunistic attempts to enforce patents used in information technology systems, which might affect our operations and results. Any claim of infringement, whether or not it has merit, could, particularly in rapidly evolving areas, be time consuming, or result in costly litigation and could also have an adverse impact on our business.

We cannot ensure that franchisees and other third parties who hold licenses to our intellectual property will not take actions that adversely affect the value of our intellectual property. Moreover, rapid technological developments, including artificial intelligence (AI)-driven tools, may increase our exposure to existing intellectual property risks, including theft or unlicensed use, intellectual property disputes and enforcement challenges.

OPERATIONS

The global scope of our business subjects us to risks that could negatively affect our business.

We encounter differing and evolving cultural, regulatory, geopolitical and economic environments within and among the more than 100 countries where McDonald's restaurants operate, and our ability to achieve our business objectives depends on the System's success in these environments. Meeting customer expectations is complicated by the risks inherent in our global operating environment, and our global success is partially dependent on our System's ability to leverage operating successes across markets and brand perceptions. Planned initiatives may not have appeal across multiple markets with McDonald's customers and could drive unanticipated changes in customer perceptions and negatively impact our business results.

Disruptions in operations or price volatility in a market can also result from governmental actions (whether proposed or realized, unilateral or bilateral), such as price, foreign exchange or trade-related tariffs or controls, trade policies and regulations, sanctions and counter sanctions, government-mandated closure of our, our franchisees' or our suppliers' operations, and asset seizures. Some or all of the above-referenced disruptions or volatility can also result from acts of war, terrorism or other hostilities. Such governmental actions may have a broader impact on macroeconomic conditions, geopolitical tensions, anti-American sentiment, consumer demand and the ability of us and our franchisees to operate in certain geographic areas, which in turn may have an adverse impact on our business and financial results.

While we may face challenges and uncertainties in any of the markets in which we operate, such challenges and uncertainties are often heightened in developing markets, which may entail a relatively higher risk of political instability, economic volatility, crime, corruption and social and ethnic unrest. In many cases, such challenges may be exacerbated by the lack of an independent and experienced judiciary and uncertainty in how local law is applied and enforced, including in areas most relevant to commercial transactions and foreign investment. An inability to manage effectively the risks associated with our international operations could adversely affect our business and financial results.

Supply chain interruptions may increase costs or reduce revenues.

We depend on the effectiveness of our supply chain management to assure a reliable and sufficient supply of quality products, equipment and other materials on favorable terms. Although many of these items are sourced from a wide variety of suppliers in countries around the world, certain items have limited suppliers, which increases our reliance on those suppliers. Supply chain interruptions and related price increases have in the past and may in the future adversely affect us as well as our suppliers and franchisees, whose performance may have a significant impact on our results. Such interruptions and price increases could be caused by shortages, inflationary pressures, tariffs, unexpected increases in demand, transportation-related issues, labor-related issues, technology-related issues, weather-related events, natural disasters, geo-political tensions, acts of war, terrorism or other hostilities, or other factors beyond our control or that of our suppliers or franchisees. Interruptions in our System's supply chain or ineffective contingency planning can increase our costs, impact ingredient quality, delay new restaurant openings, and/or limit the quality or availability of products, equipment and other materials that are critical to our System's operations or to restaurant development.

Our franchise business model presents a number of risks.

Our success as a heavily franchised business relies to a large degree on the financial success and cooperation of our franchisees, including our developmental licensees and affiliates. Our restaurant margins arise from two sources: fees from franchised restaurants (e.g., rent and royalties based on a percentage of sales) and, to a lesser degree, sales from Company-owned and operated restaurants. Our franchisees manage their businesses independently and therefore are responsible for the day-to-day operation of their restaurants. The revenues we realize from franchised restaurants are largely dependent on the ability of our franchisees to grow their sales. Business risks affecting our operations also affect our franchisees. If franchisee sales trends worsen, or any of such risks materialize or intensify, our financial results could be negatively affected, which may be material.

Our success also relies on the willingness and ability of our franchisees and affiliates to implement major initiatives, which may include financial investment, and to remain aligned with us on operating, value/promotional and capital-intensive reinvestment plans. The ability of franchisees to contribute to the achievement of our plans is dependent in large part on the availability to them of funding at reasonable interest rates and may be negatively impacted by the financial markets in general, by their or our creditworthiness or by banks' lending practices. If our franchisees are unwilling or unable to invest in major initiatives or are unable to obtain financing at commercially reasonable rates, or at all, our future growth and results of operations could be adversely affected.

Our operating performance could also be negatively affected if our franchisees experience food safety or other operational problems or project an image inconsistent with our brand and values, particularly if our contractual and other rights and remedies are limited, costly to exercise or subjected to litigation and potential delays. If franchisees do not successfully operate restaurants in a manner consistent with our required standards, our brand's image and reputation could be harmed, which in turn could hurt our business and operating results.

Our ownership mix also affects our results and financial condition. The decision to own restaurants or to operate under franchise or license agreements is driven by many factors whose interrelationship is complex. The benefits of our more heavily franchised structure depend on various factors, including whether we have effectively selected franchisees, licensees and/or affiliates that meet our rigorous standards, whether we are able to successfully integrate them into our structure and whether their performance and the resulting ownership mix supports our brand and financial objectives.

Continued challenges with respect to labor, including availability and cost, could adversely impact our business and results of operations.

Our success depends in part on our System's ability to effectively attract, recruit, develop, motivate and retain qualified individuals to work in McDonald's restaurants and to maintain appropriately-staffed restaurants in an intensely competitive labor market. We and our franchisees have experienced and may continue to experience challenges in adequately staffing certain McDonald's restaurants, which can negatively impact operations, including speed of service to customers, and customer satisfaction levels. The System's ability to meet its labor needs as they evolve is generally subject to a variety of factors, including the availability of sufficient workforce, unemployment levels and prevailing wages in the markets in which we operate.

Further, our System has experienced increased costs and competition associated with attracting, recruiting, developing, motivating and retaining qualified employees, as well as with promoting awareness of the opportunities of working at McDonald's restaurants. We and our franchisees also continue to be impacted by increasingly complex U.S. and international laws and regulations affecting our respective workforces. These laws and regulations are increasingly focused on, and in certain cases impose requirements with respect to, employment matters such as wages and hours, healthcare, immigration, retirement and other employee benefits and workplace practices. Such laws and regulations can expose us and our franchisees to increased costs and other effects of compliance, including potential liability, and all such labor and compliance costs could have a negative impact on our Company-owned and operated margins and franchisee profitability.

Our potential exposure to reputational and other harm regarding our workplace practices or conditions or those of our independent franchisees or suppliers, including those giving rise to claims of harassment or discrimination (or perceptions thereof) or workplace safety, could have a negative impact on consumer perceptions of us and our business. Additionally, economic action, such as boycotts, protests, work stoppages or campaigns by labor organizations, could adversely affect us (including our ability to attract, recruit, develop, motivate and retain talent) or our franchisees and suppliers, whose performance may have a significant impact on our results.

Effective succession planning is important to our continued success.

Effective succession planning for management is important to our long-term success. Failure to effectively attract, recruit, develop, motivate and retain qualified key personnel, or to execute smooth personnel transitions, could disrupt our business and adversely affect our results.

Food safety concerns may have an adverse effect on our business.

Food safety concerns have had and may in the future have an adverse effect on our business. Our ability to increase sales and profits depends on our System's ability to meet expectations for safe food and on our ability to manage the potential impact on McDonald's of food-borne illnesses and food or product safety issues that may arise in the future, including in the supply chain, restaurants or delivery. Food safety is a top priority, and we dedicate substantial resources aimed at ensuring that our customers enjoy safe food products, including as our menu and service model evolve. However, food safety events, including instances of food-borne illness, have occurred within the food industry and our System from time to time and could occur in the future. Instances of food tampering, food contamination or food-borne illness, whether actual or perceived, could adversely affect our brand, reputation and financial results.

If we do not effectively manage our real estate portfolio, our operating results may be negatively impacted.

We have significant real estate operations, primarily in connection with our restaurant business. We generally own or secure a long-term lease on the land and building for conventional franchised and Company-owned and operated restaurant sites. We seek to identify and develop restaurant locations that offer convenience to customers and long-term sales and profit potential. As we generally secure long-term real estate interests for our restaurants, we have limited flexibility to quickly alter our real estate portfolio. The competitive business landscape continues to evolve in light of changing business trends, consumer preferences, trade area demographics, consumer use of digital, delivery and drive thru, local competitive positions and other economic factors. If our restaurants are not located in desirable locations, or if we do not evolve in response to these factors, it could adversely affect Systemwide sales and profitability.

Our real estate values and the costs associated with our real estate operations are also impacted by a variety of other factors, including governmental regulations, insurance, zoning, tax and eminent domain laws, interest rate levels, the cost of financing, natural disasters, acts of war, terrorism or other hostilities, or other factors beyond our control. A significant change in real estate values, or an increase in costs as a result of any of these factors, could adversely affect our operating results.

Information technology system failures or interruptions, breaches of network security, or misuse of technology tools may impact our operations or cause reputational harm.

We are increasingly reliant upon technology systems, such as point-of-sale, that support our business operations, including our digital and delivery solutions, and technologies that facilitate communication and collaboration with affiliated entities, customers, employees, franchisees, suppliers, service providers or other independent third parties, whether developed and maintained by us or provided by third parties. Any failure or interruption of these systems could significantly impact our or our franchisees' operations, or our customers' experiences and perceptions.

Security incidents and breaches have occurred from time to time and may occur in the future involving our systems, the systems of the parties with whom we communicate or collaborate (including franchisees) or the systems of third-party providers. Additionally, cybersecurity threats continue to become more sophisticated, including AI-enabled attacks and deepfake technology. Incidents may include unauthorized access, phishing attacks, account takeovers, denial of service, computer viruses, deepfakes and other malicious uses of artificial intelligence, introduction of malware or ransomware, other disruptive problems caused by hackers or unintentional events. Certain of these technology systems contain personal, confidential, financial and other information of our customers, employees, franchisees and their employees, suppliers and other third parties, as well as financial, proprietary and other confidential information related to our business. Despite response procedures and measures in place in the event an incident occurs, an event could result in disruptions, shutdowns, or a security breach including the theft or unauthorized disclosure of certain of the above-described information. The actual or alleged occurrence of any of these types of incidents could result in mitigation costs, reputational damage, adverse publicity, loss of consumer confidence, reduced sales and profits, complications in executing our growth initiatives and regulatory and legal risk, including administrative fines, criminal or civil penalties or civil liabilities.

Despite the implementation of business continuity measures, any of these technology systems could become vulnerable to damage, disability or failures due to fire, power loss, telecommunications failure or other catastrophic events. Certain technology systems may also become vulnerable, unreliable or inefficient in cases where technology vendors limit or terminate product support and/or maintenance. Our increasing reliance on third-party systems also subjects us to risks faced by those third-party businesses, including operational, security and credit risks. Further, the technology systems of third parties upon which we rely to conduct our business could be compromised in a manner that adversely affects us and our technology systems, information and business continuity. If technology systems were to fail or otherwise be unavailable, or if business continuity or disaster recovery plans were not effective, and we were unable to recover in a timely manner, we could experience an interruption in our or our franchisees' operations. While we maintain insurance coverage designed to address certain aspects of cybersecurity risks, such insurance coverage may be insufficient to cover all losses or all types of claims that may arise.

In addition, the AI tools we are incorporating into certain aspects of our business may not generate the intended efficiencies, may increase our exposure to risks (both known and unknown), and could adversely impact our business results. These risks include potential operational disruptions, data integrity issues, and unintended consequences from algorithmic decision-making. Further, emerging global and U.S. regulations governing AI use – including requirements for responsible use, transparency, bias mitigation, accountability, and explainability – may impose significant compliance obligations and increase reputational risk. Failure to comply with these standards or to effectively manage associated risks, including ethical considerations such as fairness, non-discrimination, and responsible deployment, could result in regulatory penalties, litigation, operational setbacks, or adverse brand perceptions.

LEGAL AND REGULATORY

Increasing regulatory and legal complexity may adversely affect our business and financial results.

Our regulatory and legal environment worldwide exposes us to complex compliance, litigation and similar risks that could affect our operations and results in material ways. Many of our markets are subject to increasing, conflicting and highly prescriptive legislative, regulatory or administrative developments and enforcement priorities involving, among other matters, restaurant operations, product packaging and extended producer responsibility, marketing, use of information technology systems, the nutritional and allergen content and safety of our food and other products, labeling and other disclosure practices. Compliance efforts with those regulations may be affected by ordinary variations in food preparation among our own restaurants and the need to rely on the accuracy and completeness of information from third-party suppliers. We also are subject to increasing public focus, including by governmental and non-governmental organizations, on environmental, social responsibility and corporate governance matters. Our success depends in part on our ability to manage the impact of regulations and other initiatives that can affect our business plans and operations, which have increased and may continue to increase our costs of doing business and exposure to litigation, governmental investigations or other proceedings.

We are also subject to legal proceedings that may adversely affect our business, including, but not limited to, class actions, administrative proceedings, government investigations and proceedings, shareholder proceedings, employment and personal injury claims, landlord/tenant disputes, supplier-related disputes, and claims by current or former franchisees. Regardless of whether claims against us are valid or whether we are found to be liable, claims may be expensive to defend and may divert management's attention away from operations.

Litigation, legislative and regulatory action concerning our relationship with franchisees and the legal distinction between our franchisees and us for employment law or other purposes, if determined adversely, could challenge our franchise business model, increase costs, negatively impact our business operations and the business prospects of our franchisees and subject us to incremental liability for their actions. Similarly, although our commercial relationships with our suppliers remain independent, there may be attempts to challenge that independence, which, if determined adversely, could also increase costs, negatively impact the business prospects of our suppliers, and subject us to incremental liability for their actions.

Our results could also be affected by the following:

- the relative level of our defense costs, which vary from period to period depending on the number, nature and procedural status of pending proceedings;
- the cost and other effects of settlements, judgments or consent decrees, which may require us to make disclosures or take other actions that may affect perceptions of our brand and products; and
- adverse results of pending or future litigation, including litigation challenging the composition and preparation of our products, or the appropriateness or accuracy of our marketing or other communication practices.

A judgment significantly in excess of any applicable insurance coverage or third-party indemnity could materially adversely affect our financial condition or results of operations. Further, adverse publicity resulting from claims may hurt our business. If we are unable to effectively manage the risks associated with our complex regulatory and legal environment, it could have a material adverse effect on our business and financial condition.

Changes in tax laws and unanticipated tax liabilities could adversely affect the taxes we pay and our profitability.

We are subject to income and other taxes in the U.S. and foreign jurisdictions, and our operations, plans and results are affected by tax and other initiatives around the world. In particular, we are affected by the impact of changes to tax laws or policy or related authoritative interpretations. We are also impacted by settlements of pending or any future adjustments proposed by taxing and governmental authorities inside and outside of the U.S. in connection with our tax audits, all of which will depend on their timing, nature and scope. Any significant increases in income tax rates, changes in income tax laws or unfavorable resolution of tax matters could have a material adverse impact on our financial results.

Changes in accounting standards or the recognition of impairment or other charges may adversely affect our future operations and results.

New accounting standards or changes in financial reporting requirements, accounting principles or practices, including with respect to our critical accounting estimates, could adversely affect our future results. We may also be affected by the nature and timing of decisions about underperforming markets or assets, including decisions that result in impairment or other charges that reduce our earnings.

In assessing the recoverability of our long-lived assets, we consider changes in economic conditions and make assumptions regarding estimated future cash flows and other factors. These estimates are highly subjective and can be significantly impacted by many factors such as global and local business and economic conditions, operating costs, inflation, interest rate levels, competition, consumer and demographic trends and our restructuring activities. If our estimates or underlying assumptions change in the future, we may be required to record impairment charges. Any such changes could have a significant adverse effect on our reported results for the affected periods.

If we fail to comply with privacy and data protection laws, we could be subject to legal proceedings and penalties, which could negatively affect our financial results or brand perceptions.

We are subject to legal and compliance risks and associated liability related to privacy and data protection requirements, including those associated with our technology-related services and platforms made available to business partners, customers, employees, franchisees or other third parties. An increasing number of our markets have enacted privacy and data protection requirements (including the European Union's General Data Protection Regulation and various U.S. state-level laws), and further requirements are likely to be proposed or enacted in the future. Failure to comply with these privacy and data protection laws could result in legal proceedings and substantial administrative fines, criminal or civil penalties or civil liabilities and materially adversely impact our financial results or brand perceptions. Additionally, as we expand digital engagement, data collection and personalization through AI, we face new and heightened risks under laws and regulations, including U.S. state-level regulations and the EU AI Act. Non-compliance or misuse of personal data could lead to significant fines, litigation, and reputational harm.

MACROECONOMIC AND MARKET CONDITIONS

Unfavorable general economic conditions could adversely affect our business and financial results.

Our results of operations are substantially affected by economic conditions, including inflationary pressures, which can vary significantly by market and can impact consumer disposable income levels and spending habits. Economic conditions can be impacted by a variety of factors, including hostilities, epidemics, pandemics and actions taken by governments to manage national and international economic matters, whether through austerity, stimulus measures or trade measures, and initiatives intended to control wages, unemployment, credit availability, inflation, taxation and other economic drivers. Sustained adverse economic conditions or periodic adverse changes in economic conditions put pressure on our operating performance and business continuity disruption planning, and our business and financial results may suffer as a result.

Our results of operations are also affected by fluctuations in currency exchange rates, and unfavorable currency fluctuations could adversely affect reported earnings.

Health epidemics or pandemics could adversely affect our business and financial results.

Health epidemics or pandemics have in the past and may in the future impact macroeconomic conditions, consumer behavior, labor availability and supply chain management, as well as local operations in impacted markets, all of which can adversely affect our business, financial results and outlook. Governmental responses to health epidemics or pandemics, including operational restrictions and temporary restaurant closures, can also affect the foregoing items and adversely affect our business and financial results. The duration and scope of a health epidemic or pandemic can be difficult to predict and depends on many factors, including the emergence of new variants and the availability, acceptance and effectiveness of preventative measures. A health epidemic or pandemic may also heighten other risks disclosed in these Risk Factors, including, but not limited to, those related to the availability and costs of labor and commodities, supply chain interruptions, consumer behavior, and consumer perceptions of our brand and industry.

Changes in commodity and other operating costs could adversely affect our results of operations.

The profitability of our Company-owned and operated restaurants depends in part on our ability to anticipate and react to changes in commodity costs, including food, paper, supplies, fuel and utilities, as well as distribution and other operating costs, including labor. Volatility in certain commodity prices and fluctuations in labor costs have adversely affected and in the future could adversely affect our operating results by impacting restaurant profitability. The commodity markets for some of the ingredients we use, such as beef and chicken, are particularly volatile due to factors such as seasonal shifts, climate conditions, industry demand and other macroeconomic conditions, international commodity markets, food safety concerns, product recalls, government regulation, and acts of war, terrorism or other hostilities, all of which are beyond our control and, in many instances, unpredictable. Our System can only partially address future price risk through hedging and other activities, and therefore increases in commodity costs could have an adverse impact on our profitability.

A decrease in our credit ratings or an increase in our funding costs could adversely affect our profitability.

Our credit ratings may be negatively affected by our results of operations or changes in our debt levels. As a result, our interest expense, the availability of acceptable counterparties, our ability to obtain funding on favorable terms, our collateral requirements and our operating or financial flexibility could all be negatively affected, especially if lenders were to impose new operating or financial covenants.

Our operations may also be impacted by regulations affecting capital flows, financial markets or financial institutions, which can limit our ability to manage and deploy our liquidity or increase our funding costs. Any such events could have a material adverse effect on our business and financial condition.

The trading volatility and price of our common stock may be adversely affected by many factors.

Many factors affect the trading volatility and price of our common stock in addition to our operating results and prospects. These factors, many of which are beyond our control, include the following:

- the unpredictable nature of global economic and market conditions;
- governmental action or inaction in light of key indicators of economic activity or events that can significantly influence financial markets, particularly in the U.S., which is the principal trading market for our common stock, and media reports and commentary about economic, trade or other matters, even when the matter in question does not directly relate to our business;
- trading activity in our common stock, in derivative instruments with respect to our common stock or in our debt securities, which can be affected by: market commentary (including commentary that may be unreliable or incomplete); unauthorized disclosures about our performance, plans or expectations about our business; our actual performance and creditworthiness; investor confidence, driven in part by expectations about our performance; actions by shareholders and others seeking to influence our business strategies; portfolio transactions in our common stock by significant shareholders; and trading activity that results from the ordinary course rebalancing of stock indices in which McDonald's may be included, such as the S&P 500 Index and the Dow Jones Industrial Average;
- the impact of our stock repurchase program or dividend rate; and
- the impact of corporate actions, including changes to our corporate structure, and market and third-party perceptions and assessments of such actions, including those we may take from time to time as we implement our business strategies in light of changing business, legal and tax considerations.

Our business is subject to an increasing focus on environmental and social impact matters.

In recent years, there has been an increasing focus by stakeholders – including employees, franchisees, customers, suppliers, governmental and non-governmental organizations and investors – on environmental and social impact matters. A failure, whether real or perceived, to address environmental and social impact matters or to achieve progress on our environmental and social impact initiatives as intended, could adversely affect our business, including by heightening other risks disclosed in these Risk Factors, such as those related to consumer behavior, brand perception, labor availability and costs, supply chain interruptions, commodity costs, and legal and regulatory complexity. Stakeholder expectations may vary significantly, so our taking a position, whether real or perceived, on environmental and social impact, public policy, geopolitical and similar matters could also adversely impact our business. Increasing scrutiny of such initiatives, including via legislative, regulatory or administrative developments and enforcement priorities, may create compliance challenges, reputational risks, and potential litigation exposure.

The standards we set for ourselves regarding environmental and social impact matters, and our ability to meet such standards, may also impact our business. For example, we are working to manage risks and costs to our System related to climate change, greenhouse gases, and diminishing energy and water resources, and we have announced initiatives relating to, among other things, climate action, sustainability, and responsible sourcing. In addition, we are engaging in social impact initiatives, including community engagement, philanthropy, and our commitment to inclusion. We have faced increased scrutiny related to reporting on and achieving these initiatives, as well as continued public focus on similar matters, such as packaging and waste, animal health and welfare, deforestation and land use. We have also experienced increased pressure from stakeholders to provide expanded disclosure and establish additional commitments, targets or goals, and take actions to meet them, which could expose us to additional market, operational, execution and reputational costs and risks. These additional commitments may or may not overlap, and may in some cases conflict, with new disclosure required in these areas. Moreover, addressing environmental and social impact matters requires Systemwide as well as third party coordination and alignment, over which we do not have complete control and which may be unpredictable. The standards by which certain environmental and social impact matters are measured are also evolving and subject to assumptions that could change over time.

Events such as severe weather conditions, natural disasters, hostilities, social and geopolitical unrest and climate change, among others, can adversely affect our results and prospects.

Severe weather conditions, natural disasters, acts of war, terrorism or other hostilities, social and geopolitical unrest, including anti-American sentiment, and climate change (or expectations or uncertainty about them) can adversely affect consumer confidence levels and behavior, supply availability and costs and local operations, including temporary restaurant closures and delayed new restaurant openings, in impacted markets, all of which can affect our results and prospects. Climate change may also increase the frequency and severity of weather-related events and natural disasters. Our receipt of proceeds under any insurance we maintain with respect to some of these risks may be delayed or the proceeds may be insufficient to cover our losses fully.

CYBERSECURITY

Cybersecurity risk is an important and evolving focus for McDonald's. Significant resources are devoted to protecting and enhancing the security of computer systems, software, networks, storage devices, and other technology. The Company's security efforts are designed to protect against, among other things, cybersecurity attacks that can result in unauthorized access to confidential information, the destruction of data, disruptions to or degradations of service, the sabotaging of systems or other damage. McDonald's has implemented measures and controls that it believes are reasonably designed to address the evolving cybersecurity risk environment, including enhanced threat monitoring. In addition, McDonald's continues to regularly review its capabilities to address associated risks, such as those relating to the management of administrative access to systems.

Third parties that help to facilitate the Company's business activities (e.g., franchisees, vendors, suppliers, service providers, etc.) are also sources of cybersecurity risk to McDonald's, and we have various processes and programs to manage cybersecurity risks associated with our third parties. Despite these risk-mitigation measures, a cybersecurity event impacting a third party may compromise Company data or negatively impact the Company's ability to conduct business, which could have a material adverse effect on our business.

Risks from cybersecurity threats, including as a result of any previous cybersecurity events, did not materially affect McDonald's or its business strategy, results of operations or financial condition in 2025. Notwithstanding having what McDonald's believes to be a comprehensive approach to address cybersecurity risk, no company is immune to cybersecurity threats, and McDonald's may not be successful in preventing or mitigating a future cybersecurity incident that could have a material adverse effect on McDonald's or its business strategy, results of operations or financial condition. In evaluating cybersecurity incidents, management considers the potential impact to the Company's results of operations, control framework, and financial condition, as well as the potential impact, if any, to our business strategy and/or reputation.

For additional information on risks from cybersecurity threats, please see our Risk Factors beginning on page 27.

Governance

Management has primary responsibility for enterprise-wide risk management ("ERM"), including cybersecurity risk, within our Company, as detailed below. Our Board of Directors (the "Board") is responsible for overseeing our ERM framework and exercises this oversight both as a full Board and through its standing committees. Our Board's Audit & Finance Committee ("A&F Committee") has oversight responsibility for our strategy and processes relating to cybersecurity risk management. Our A&F Committee receives updates at regular intervals on cybersecurity matters from management, including our Global Chief Information Officer ("CIO") and Global Chief Information Security Officer ("CISO") who, as discussed below, are responsible for assessing and managing material cybersecurity risks. Such updates include discussion of the status of our cybersecurity landscape and our cybersecurity strategies, including potential risks and mitigation efforts. For certain significant cybersecurity incidents, our procedures contemplate accelerated reporting of the incident to the applicable members of the Board. The A&F Committee also considers potential remedies to any strategic or process gaps that may be identified during the Company's review of specific cybersecurity incidents.

Our Board recognizes the importance to the Company of effectively identifying, assessing and managing risks that could have a significant impact on our business strategy. The ERM framework leverages internal risk committees comprised of cross-functional leadership who meet regularly to evaluate and prioritize risks, including cybersecurity risk, in the context of our strategy, with further escalation to our CEO, Board and/or Committees, as appropriate. Effective management of cybersecurity risks is critical to the successful execution of our business strategy.

Risk Management and Strategy

The CISO reports to the CIO. McDonald's CIO and CISO are responsible for assessing and implementing our cybersecurity risk management programs, which are informed by the National Institute of Standards and Technology (NIST) Cybersecurity Framework. These leaders and their teams have significant relevant experience in various fields, such as incident response, application security, data security, network security and identity and access management, and have implemented and executed security programs across multiple industries at Fortune 100 companies. Our programs are designed to create a comprehensive, cross-functional approach to identify, assess, manage and mitigate cybersecurity risks as well as to mitigate cybersecurity incidents to support business continuity and achieve operational resiliency.

The CISO leads the Global Cybersecurity organization, which is responsible for executing the Company's Global Cybersecurity Program and initiatives. This global program is responsible for identifying technology and cybersecurity risks and for implementing and maintaining controls to manage cybersecurity threats. These controls are designed to mitigate, detect and respond to cybersecurity incidents to help safeguard the confidentiality, integrity and availability of McDonald's infrastructure, resources and information.

McDonald's Global Cybersecurity Program includes the following functions:

- Cybersecurity Services, which is responsible for deploying and operating the frontline security controls that are designed to protect and defend McDonald's against cyber-attacks. Cybersecurity teams are focused on specific areas of a layered defense, including Network Security, Endpoint Protection, Identity and Access Management, Data Security, and others, to ensure that these controls are integrated into critical systems and processes throughout the McDonald's environment and operating effectively.
- Cyber Defense, which is responsible for implementing and maintaining controls designed to detect and respond to cybersecurity incidents against McDonald's and includes a dedicated function for incident response and regular monitoring for cybersecurity threats and vulnerabilities, including those among McDonald's third-party suppliers. The Company has established and regularly tested incident response processes and controls that identify and risk-rank incidents through a centralized system to promote timely escalation of cybersecurity incidents that exceed a particular level of risk, including escalation of incidents of sufficient magnitude or severity to the CIO and CISO.

- Cyber Governance, Risk & Compliance, which is responsible for operationalizing technology risk and control frameworks, analyzing regulatory developments that may impact McDonald's, and developing control catalogs and assessments of controls, as well as overseeing governance and reporting of technology and cybersecurity risk. The team provides awareness and training that reinforces information risk and security management practices and compliance with McDonald's policies, standards and practices. The training is mandatory for all employees globally on a periodic basis, and it is supplemented by Company-wide testing initiatives, including periodic phishing tests.
- Cyber Market Engagement, which is responsible for working with our market teams, International Developmental Licensee partners, and other entities to ensure a consistent approach for cybersecurity across the McDonald's system.

The governance structure for the Global Cybersecurity organization is designed to appropriately identify, escalate, and mitigate cybersecurity risks. Cybersecurity risk management and its governance and oversight are integrated into McDonald's operational risk management framework, including through the escalation of key risk and control issues to management and the development of risk mitigation plans for heightened risk and control issues.

As needed, McDonald's engages third-party assessors or auditing firms with industry-recognized expertise on cybersecurity matters to review specific aspects of McDonald's cybersecurity risk management framework, processes and controls. These efforts include a wide range of activities focused on evaluating the effectiveness of the program, including audits, modeling, tabletop exercises and vulnerability testing.

LEGAL PROCEEDINGS

The Company has pending a number of claims and lawsuits that have been filed in various jurisdictions. These claims and lawsuits cover a broad variety of allegations spanning the Company's business. The following is a brief description of the more significant types of such claims and lawsuits. In addition, the Company is subject to various laws and regulations that impact its business, as discussed under "Government Regulations" below. While the Company does not believe that any such claims, lawsuits, laws or regulations will have a material adverse effect on its financial condition or results of operations, unfavorable rulings could occur. Were an unfavorable ruling to occur, it could result in a material adverse impact on the Company's net income for the period in which it occurs and/or future periods.

- ***Franchising***

Most McDonald's restaurants are franchised to independent owner/operators and developmental licensees under contractual arrangements with the Company. In the course of the franchise relationship, occasional disputes arise between the Company and its current or former franchisees relating to a broad range of subjects, including, but not limited to, quality, service, cleanliness, menu pricing, alleged discrimination, delinquent payments of rents and fees, and franchise grants, renewals and terminations. Occasional disputes also arise between the Company and individuals or entities who claim they should be (or should have been) granted a franchise or who challenge the legal distinction between the Company and its franchisees for employment law purposes.

- ***Suppliers***

The Company and its affiliates and subsidiaries generally do not supply food, paper or related items to any McDonald's restaurants. The Company relies upon numerous independent suppliers, including service providers, that are required to meet and maintain the Company's high standards and specifications. Occasional disputes arise between the Company and its current or former suppliers relating to, for example, compliance with product specifications and the Company's business relationship with suppliers. Occasional disputes also arise between the Company and individuals or entities who claim they should be (or should have been) granted the opportunity to supply products or services to the Company or its restaurants.

- ***Employees***

Over 150,000 people are employed by the Company and in restaurants owned and operated by its subsidiaries. In addition, thousands of people from time to time seek employment in such restaurants. In the ordinary course of business, occasional disputes arise relating to hiring, termination, promotion and pay practices, including, but not limited to, wage and hour disputes, alleged discrimination and compliance with labor and employment laws.

- ***Customers***

McDonald's restaurants – whether owned by subsidiaries of the Company, independent owner/operators or developmental licensees – regularly serve a broad segment of the public around the world. In so doing, disputes occasionally arise relating to products, service, incidents, pricing, advertising, disclosures (including relating to nutrition) and other matters common to an extensive restaurant business such as that of the Company.

- ***Intellectual Property***

The Company has registered trademarks, service marks, patents and copyrights, some of which it considers to be of material importance to its business. From time to time, the Company may become involved in litigation to protect its intellectual property and defend against the alleged use of third-party intellectual property.

- ***Government Regulations***

National and local governments have adopted laws and regulations relating to various aspects of the restaurant business, including, but not limited to, advertising, franchising, health, safety, environment, competition, zoning, employment and taxation. The Company is occasionally involved in litigation or other proceedings regarding these matters. While the Company strives to comply with all applicable existing statutory and administrative requirements, it cannot predict the effect on its operations of these matters or the issuance or enactment of any future additional requirements.

PROPERTIES

The Company owns and leases real estate primarily in connection with its restaurant business. The Company identifies and develops sites that offer convenience to customers and long-term sales and profit potential to the System. To assess potential, the Company analyzes traffic and walking patterns, census data and other relevant data. The Company's experience and access to advanced technology aid in evaluating this information. The Company generally owns or secures a long-term lease on the land and building for conventional franchised and Company-owned and operated restaurant sites, which facilitates long-term occupancy rights and helps control related costs. Restaurant profitability for both the Company and franchisees is important; therefore, ongoing efforts are made to control average development costs through construction and design efficiencies, standardization and by leveraging the Company's global sourcing network.

In addition, the Company primarily leases real estate in connection with its corporate headquarters, field and other offices.

Additional information about the Company's properties is included in the Management's Discussion and Analysis of Financial Condition and Results of Operations section beginning on page 7 of this Form 10-K and in the Financial Statements and Supplementary Data section beginning on page 38 of this Form 10-K.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

The following are the executive officers of the Company as of the date of this filing:

Jonathan Banner, 58, is Executive Vice President – Global Chief Impact Officer, a position he has held since September 2022. Prior to joining the Company, Mr. Banner served as Executive Vice President, Communications for PepsiCo, Inc., a food and beverage company, from May 2014 to August 2022.

Dario Baroni, 52, is Senior Vice President – President, International Developmental Licensed Markets, a position he has held since June 2025. Prior to that, Mr. Baroni served in roles of increasing responsibility, most recently as the Managing Director of McDonald's Italy. Mr. Baroni has served the Company for over nine years.

Ian Borden, 57, is Executive Vice President – Global Chief Financial Officer, a position he has held since September 2022. Prior to that, Mr. Borden served as President, International, from January 2020 to August 2022, and as President – International Developmental Licensed Markets from January 2019 to December 2019. Mr. Borden has served the Company for over 30 years.

Tiffanie Boyd, 53, is Executive Vice President – Global Chief People Officer, a position she has held since August 2024. Prior to that, Ms. Boyd served as US Chief People Officer from January 2021 to August 2024. Prior to joining the Company, Ms. Boyd served as Vice President – Human Resources, North America Retail from July 2019 to December 2020 and Vice President – Human Resources, Supply Chain from September 2013 to July 2019 for General Mills, a consumer foods manufacturer.

Joseph Erlinger, 52, is Executive Vice President – President, McDonald's USA, a position he has held since November 2019. Prior to that, Mr. Erlinger served as President – International Operated Markets from January 2019 to October 2019. Mr. Erlinger has served the Company for over 23 years.

Lauren Elting, 44, is Vice President – Chief Accounting Officer and Corporate Controller, a position she has held since October 2024. Prior to that, Ms. Elting served as Vice President from July 2024 to October 2024. Prior to joining the Company, Ms. Elting served as Vice President, Corporate Controller and Chief Accounting Officer from April 2022 to July 2024, and Vice President, Corporate Controller from May 2018 to April 2022 for Federal Signal Corporation, a manufacturing corporation.

Morgan Flatley, 51, is Executive Vice President – Global Chief Marketing Officer and New Business Ventures, a position she has held since February 2023. Prior to that, Ms. Flatley served as Senior Vice President - Global Chief Marketing Officer from November 2021 to January 2023 and as Senior Vice President - Chief Marketing and Digital Customer Experience Officer from May 2017 to November 2021.

Christopher Kempczinski, 57, is Chairman, President and Chief Executive Officer. Mr. Kempczinski was appointed Chairman of the Board of Directors in May 2024 and has been President and Chief Executive Officer since November 2019. Prior to that, Mr. Kempczinski served as President, McDonald's USA from January 2017 to October 2019. Mr. Kempczinski has served the Company for ten years.

Jill McDonald, 61, is Executive Vice President – Chief Restaurant Experience Officer, a position she has held since May 2025. Prior to that, Ms. McDonald was the Executive Vice President – President, International Operated Markets, a role that she had held since September 2022. Prior to joining the Company, Ms. McDonald spent time at Costa Coffee, as its Chief Executive Officer, and Marks & Spencer Group plc, as its Managing Director for Clothing, Home & Beauty. Ms. McDonald also previously worked at the Company between June 2006 and March 2015.

Desiree Ralls-Morrison, 59, is Executive Vice President – Global Chief Legal Officer, a position she has held since April 2021. Prior to joining the Company, Ms. Ralls-Morrison served as Senior Vice President, General Counsel and Corporate Secretary for Boston Scientific Corporation, a medical device manufacturer, from November 2017 to April 2021.

Brian Rice, 62, is Executive Vice President – Global Chief Information Officer, a position he has held since August 2022. Prior to joining the Company, Mr. Rice served as Executive Vice President, Chief Information Officer and Global Business Services for Cardinal Health, Inc., a healthcare services company, from February 2019 to August 2022, and as Senior Vice President, Chief Information Officer and Global Business Services for the Kellogg Company, a food manufacturing company, from February 2009 to February 2019.

Manu Steijaert, 55, is Executive Vice President – President, International Operated Markets, a role he has held since May 2025 and previously held from January 2019 to July 2021. He also served as Executive Vice President – Global Chief Customer Officer between August 2021 and May 2025. He has served the Company over 23 years.

INSIDER TRADING POLICY

The Company has adopted an insider trading policy governing the purchase and sale and other dispositions of Company securities by our directors, officers and employees. The Company believes this policy is reasonably designed to promote compliance with insider trading laws, rules and regulations, and NYSE listing standards. A copy of the Inside Information and Securities Trading Policy is filed as Exhibit 19 to this Form 10-K.

AVAILABILITY OF COMPANY INFORMATION

The Company is subject to the requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and therefore files periodic reports, proxy statements and other information with the SEC. Such information may be obtained by visiting the SEC's website at www.sec.gov.

The Company maintains a website at www.mcd.com, with a specific page dedicated to investor relations (ir.mcd.com), which the Company uses as a channel for disclosing key information to its investors. Some of the information posted to our website may be material and previously non-public information. Copies of the Company's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as amendments to those reports, filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are available on the investor relations page, free of charge, as soon as reasonably practicable after filing or furnishing such material to the SEC. Copies of such information and reports are also available free of charge by calling (800) 228-9623.

The Company also posts the following documents on the “Corporate Governance” section of its investor website: the Company’s Corporate Governance Principles; the charters for each standing committee of the Company's Board of Directors, including the Audit & Finance Committee, Compensation Committee, Governance Committee, and Corporate Responsibility Committee; the Code of Conduct for the Company’s Board of Directors; and the Company’s Standards of Business Conduct, which applies to all officers and employees. Copies of these documents are also available free of charge by calling (800) 228-9623. The Company intends to satisfy the disclosure requirements regarding any applicable amendment to, or waiver from, a provision of its Standards of Business Conduct by disclosing such information at the website address specified above.

The websites included in this Form 10-K, including those of the Company and the SEC, are provided for convenience only. Information contained on or accessible through such websites is not incorporated herein and does not constitute a part of this Form 10-K or the Company's other filings with the SEC.

Financial Statements and Supplementary Data

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Consolidated Statement of Income

In millions, except per share data	*Years ended December 31,*	***2025***	*2024*	*2023*
REVENUES				
Revenues from franchised restaurants	$	16,548	$ 15,715	$ 15,437
Sales by Company-owned and operated restaurants		9,690	9,782	9,742
Other revenues		647	423	316
Total revenues		26,885	25,920	25,494
OPERATING COSTS AND EXPENSES				
Franchised restaurants-occupancy expenses		2,618	2,536	2,475
Company-owned and operated restaurant expenses				
Food & paper		3,006	2,995	3,039
Payroll & employee benefits		2,905	2,959	2,886
Occupancy & other operating expenses		2,358	2,381	2,299
Other restaurant expenses		564	339	232
Selling, general & administrative expenses				
Depreciation and amortization		457	447	382
Other		2,583	2,412	2,435
Other operating (income) expense, net		2	139	99
Total operating costs and expenses		14,492	14,208	13,847
Operating income		12,393	11,712	11,647
Interest expense-net of capitalized interest of $29, $22 and $14		1,582	1,506	1,361
Nonoperating (income) expense, net		(87)	(139)	(236)
Income before provision for income taxes		10,897	10,345	10,522
Provision for income taxes		2,334	2,121	2,053
Net income	$	8,563	$ 8,223	$ 8,469
Earnings per common share–basic	$	12.00	$ 11.45	$ 11.63
Earnings per common share–diluted	$	11.95	$ 11.39	$ 11.56
Dividends declared per common share	$	7.17	$ 6.78	$ 6.23
Weighted-average shares outstanding–basic		713.4	718.3	727.9
Weighted-average shares outstanding–diluted		716.4	721.9	732.3

See Notes to Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

In millions	**2025**	*2024*	*2023*
Net income	**$ 8,563**	$ 8,223	$ 8,469
Other comprehensive income (loss), net of tax			
Foreign currency translation adjustments:			
Gain (loss) recognized in accumulated other comprehensive income (AOCI), including net investment hedges	**289**	(231)	136
Reclassification of (gain) loss to net income	**(5)**	35	—
Foreign currency translation adjustments-net of tax benefit (expense) of $412, $(241), and $94	**284**	(196)	136
Cash flow hedges:			
Gain (loss) recognized in AOCI	**(135)**	125	(20)
Reclassification of (gain) loss to net income	**29**	—	(17)
Cash flow hedges-net of tax benefit (expense) of $32, $(39), and $10	**(106)**	125	(37)
Defined benefit pension plans:			
Gain (loss) recognized in AOCI	**(38)**	(15)	(69)
Reclassification of (gain) loss to net income	**(1)**	(10)	—
Defined benefit pension plans-net of tax benefit (expense) of $(1), $1, and $22	**(39)**	(25)	(69)
Total other comprehensive income (loss), net of tax	**139**	(96)	30
Comprehensive income	**$ 8,702**	$ 8,127	$ 8,499

See Notes to Consolidated Financial Statements.

Consolidated Balance Sheet

In millions, except per share data	*December 31,* ***2025***	*2024*
ASSETS		
Current assets		
Cash and equivalents	$ 774	$ 1,085
Accounts and notes receivable	2,466	2,383
Inventories, at cost, not in excess of market	61	56
Prepaid expenses and other current assets	863	1,074
Total current assets	4,163	4,599
Other assets		
Investments in and advances to affiliates	2,820	2,710
Goodwill	3,354	3,145
Miscellaneous	6,331	6,095
Total other assets	12,505	11,950
Lease right-of-use asset, net	14,606	13,339
Property and equipment		
Property and equipment, at cost	49,290	44,177
Accumulated depreciation and amortization	(21,049)	(18,882)
Net property and equipment	28,241	25,295
Total assets	$ 59,515	$ 55,182
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Accounts payable	$ 1,149	$ 1,029
Lease liability	694	636
Income taxes	250	361
Other taxes	247	224
Accrued interest	533	482
Accrued payroll and other liabilities	1,488	1,129
Total current liabilities	4,361	3,861
Long-term debt	39,973	38,424
Long-term lease liability	14,147	12,888
Long-term income taxes	139	344
Deferred revenues - initial franchise fees	945	778
Other long-term liabilities	704	771
Deferred income taxes	1,038	1,914
Shareholders' equity (deficit)		
Preferred stock, no par value; authorized – 165.0 million shares; issued – none	—	—
Common stock, $0.01 par value; authorized – 3.5 billion shares; issued – 1,660.6 million shares	17	17
Additional paid-in capital	9,641	9,281
Retained earnings	70,282	66,834
Accumulated other comprehensive income (loss)	(2,414)	(2,553)
Common stock in treasury, at cost; 950.0 and 945.4 million shares	(79,316)	(77,375)
Total shareholders' equity (deficit)	(1,791)	(3,797)
Total liabilities and shareholders' equity (deficit)	$ 59,515	$ 55,182

See Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows

In millions	*Years ended December 31,* ***2025***	*2024*	*2023*
Operating activities			
Net income	$ 8,563	$ 8,223	$ 8,469
Adjustments to reconcile to cash provided by operations			
Charges and credits:			
Depreciation and amortization	2,199	2,097	1,978
Deferred income taxes	(126)	(574)	(686)
Share-based compensation	165	172	175
Net (gain) loss on sale of restaurant and other businesses	(149)	(37)	(103)
Other	(207)	3	(113)
Changes in working capital items:			
Accounts receivable	231	10	(161)
Inventories, prepaid expenses and other current assets	(140)	71	17
Accounts payable	100	(10)	50
Income taxes	(239)	(292)	(220)
Other accrued liabilities	154	(217)	206
Cash provided by operations	10,551	9,447	9,612
Investing activities			
Capital expenditures	(3,365)	(2,775)	(2,357)
Purchases of restaurant businesses	(354)	(669)	(441)
Purchases of equity method investments	—	(1,837)	—
Sales of restaurant and other businesses	346	311	195
Sales of property	130	122	95
Other	(579)	(498)	(676)
Cash used for investing activities	(3,822)	(5,346)	(3,185)
Financing activities			
Net short-term borrowings	6	326	213
Long-term financing issuances	4,724	2,380	5,221
Long-term financing repayments	(4,802)	(2,777)	(2,441)
Treasury stock purchases	(2,056)	(2,824)	(3,054)
Common stock dividends	(5,115)	(4,870)	(4,533)
Proceeds from stock option exercises	285	328	260
Other	(167)	(56)	(40)
Cash used for financing activities	(7,125)	(7,495)	(4,374)
Effect of exchange rates on cash and equivalents	86	(101)	(58)
Cash and equivalents increase (decrease)	(311)	(3,494)	1,996
Cash and equivalents at beginning of year	1,085	4,579	2,584
Cash and equivalents at end of year	$ 774	$ 1,085	$ 4,579
Supplemental cash flow disclosures			
Interest paid	$ 1,555	$ 1,523	$ 1,287

See Notes to Consolidated Financial Statements.

Consolidated Statement of Shareholders' Equity (Deficit)

In millions, except per share data	Common stock issued		Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)			Common stock in treasury		Total shareholders' equity (deficit)
	Shares	Amount			Pensions	Cash flow hedges	Foreign currency translation	Shares	Amount	
Balance at December 31, 2022	1,660.6	$ 17	$ 8,547	$ 59,544	$ (298)	$ 31	$ (2,219)	(929.3)	$ (71,624)	$ (6,003)
Net income				8,469						8,469
Other comprehensive income (loss), net of tax					(69)	(37)	136			30
Comprehensive income										8,499
Common stock cash dividends ($6.23 per share)				(4,533)						(4,533)
Treasury stock purchases								(11.1)	(3,105)	(3,105)
Share-based compensation			175							175
Stock option exercises and other			171					2.5	89	260
Balance at December 31, 2023	1,660.6	17	8,893	63,480	(367)	(6)	(2,083)	(937.9)	(74,640)	(4,707)
Net income				8,223						8,223
Other comprehensive income (loss), net of tax					(25)	125	(196)			(96)
Comprehensive income										8,127
Common stock cash dividends ($6.78 per share)				(4,870)						(4,870)
Treasury stock purchases								(10.1)	(2,826)	(2,826)
Share-based compensation			172							172
Stock option exercises and other			216					2.5	91	307
Balance at December 31, 2024	1,660.6	17	9,281	66,834	(393)	119	(2,279)	(945.4)	(77,375)	(3,797)
Net income				**8,563**						**8,563**
Other comprehensive income (loss), net of tax					**(39)**	**(106)**	**284**			**139**
Comprehensive income										**8,702**
Common stock cash dividends ($7.17 per share)				**(5,115)**						**(5,115)**
Treasury stock purchases								**(6.7)**	**(2,016)**	**(2,016)**
Share-based compensation			**165**							**165**
Stock option exercises and other			**195**					**2.1**	**75**	**270**
Balance at December 31, 2025	**1,660.6**	**$ 17**	**$ 9,641**	**$ 70,282**	**$ (432)**	**$ 13**	**$ (1,995)**	**(950.0)**	**$ (79,316)**	**$ (1,791)**

See Notes to Consolidated Financial Statements.

Summary of Significant Accounting Policies

NATURE OF BUSINESS

The Company franchises and operates McDonald's restaurants in the global restaurant industry. All restaurants are either owned and operated by the Company or by franchisees, including conventional franchisees under franchised arrangements, and developmental licensees or affiliates under license agreements.

The following table presents restaurant information by ownership type:

Restaurants at December 31,	***2025***	*2024*	*2023*
Conventional franchised	**22,570**	22,077	21,818
Developmental licensed	**9,675**	9,247	8,684
Foreign affiliated	**11,072**	10,108	9,178
Total Franchised	**43,317**	41,432	39,680
Company-owned and operated	**2,039**	2,045	2,142
Total Systemwide restaurants	**45,356**	43,477	41,822

The results of operations of restaurant businesses purchased and sold in transactions with franchisees were not material either individually or in the aggregate to the accompanying Consolidated Financial Statements.

CONSOLIDATION

The Consolidated Financial Statements include the accounts of the Company and its subsidiaries. Investments in affiliates owned 50% or less (primarily McDonald's China and Japan) are accounted for by the equity method.

On an ongoing basis, the Company evaluates its business relationships such as those with franchisees, joint venture partners, developmental licensees, suppliers and advertising cooperatives to identify potential variable interest entities. Generally, these businesses qualify for a scope exception under the variable interest entity consolidation guidance. The Company has concluded that consolidation of such entities is not appropriate for the periods presented.

Certain columns and rows within the financial statements and tables presented may not add due to rounding. Percentages have been calculated from the underlying whole-dollar amounts for all periods presented.

ESTIMATES IN FINANCIAL STATEMENTS

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and accompanying notes. Actual results could differ from those estimates.

FOREIGN CURRENCY TRANSLATION

Generally, the functional currency of operations outside the U.S. is the respective local currency.

RECENT ACCOUNTING PRONOUNCEMENTS

Recently Adopted Accounting Pronouncements

Income Taxes

In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" ("ASU 2023-09"). The pronouncement expands the disclosure requirements for income taxes, specifically related to the rate reconciliation and income taxes paid. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024. The Company adopted the new standard in the Company's Annual Report on Form 10-K for the year ended December 31, 2025. Refer to the Income Tax footnote on page 47 of this Form 10-K for the enhanced disclosures added as a result of the adoption of ASU 2023-09.

Recent Accounting Pronouncements Not Yet Adopted

Disaggregation - Income Statement Expenses

In November 2024, the FASB issued ASU No. 2024-03, "Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses" ("ASU 2024-03"). The pronouncement expands the disclosure requirements for expenses, specifically by providing more detailed information about the types of expenses in commonly presented expense captions. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. We are currently in the process of determining the impact that ASU 2024-03 will have on the Company's consolidated financial statement disclosures.

Internal-Use Software

In September 2025, the FASB issued ASU No. 2025-06, "Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software" ("ASU 2025-06"). The pronouncement modernizes the accounting guidance for internal-use software costs by removing the various stages of a software development project to accommodate different software development methods. ASU 2025-06 is effective for fiscal years beginning after December 15, 2027, and interim periods within those fiscal years. We are currently in the process of determining the impact that ASU 2025-06 will have on the Company's Consolidated Financial Statements.

REVENUE RECOGNITION

The Company's revenues consist of sales by Company-owned and operated restaurants and fees from restaurants operated by franchisees, developmental licensees and affiliates. Revenues from conventional franchised restaurants include rent and royalties based on a percent of sales with minimum rent payments, and initial fees. Revenues from restaurants licensed to developmental licensees and affiliates include a royalty based on a percent of sales, and generally include initial fees. The Company's Other revenues are primarily comprised of fees paid by franchisees to recover a portion of costs incurred by the Company for various technology and digital platforms and revenues from brand licensing arrangements to market and sell consumer packaged goods using the McDonald's brand.

Sales by Company-owned and operated restaurants are recognized on a cash basis at the time of the underlying sale and are presented net of sales tax and other sales-related taxes. Royalty revenues are based on a percent of sales and recognized at the time the underlying sales occur. Rental income includes both minimum rent payments, which are recognized straight-line over the franchise term and variable rent payments based on a percent of sales, which are recognized at the time the underlying sales occur. Initial fees are recognized as the Company satisfies the performance obligation over the franchise term, which is generally 20 years.

The Company provides goods or services related to various technology platforms to certain franchisees that are distinct from the franchise agreement because they do not require integration with other goods or services that the Company provides. The Company has determined that it is the principal in these arrangements. Accordingly, the related revenue is presented on a gross basis on the Consolidated Statement of Income. These revenues are recognized as the goods or services are transferred to the franchisee, and related expenses are recognized as incurred, primarily within Other restaurant expenses. There may be a timing difference between the costs the Company incurs and the related fees the Company receives from franchisees, but the various technology platform fees are not designed to generate margins for the Company. Brand licensing arrangement revenues are based on a percent of sales and are recognized at the time the underlying sales occur.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, with depreciation and amortization recognized using the straight-line method over the following estimated useful lives: buildings–up to 40 years; leasehold improvements–the lesser of useful lives of assets or lease terms, which generally include certain option periods; and equipment–3 to 12 years.

The Company periodically reviews these lives relative to physical factors, economic factors and industry trends. If there are changes in the planned use of property and equipment, or if technological changes occur more rapidly than anticipated, the useful lives assigned to these assets may need to be shortened, resulting in the accelerated recognition of depreciation and amortization expense or write-offs in future periods.

The Company may share in the cost of certain restaurant improvements with its franchisees. Since McDonald's generally manages the project and provides up front funding in these instances, during the project the Company estimates which costs are the responsibility of McDonald's and which are the responsibility of the franchisee, and allocates the corresponding costs between property and equipment and accounts receivable. Upon the completion of the project, the allocation of costs is finalized and may result in immaterial adjustments to the balances and associated depreciation expense.

Refer to the Property and Equipment footnote on page 53 of this Form 10-K for additional information.

LEASING

The Company is the lessee in a significant real estate portfolio, primarily through ground leases (the Company leases the land and generally owns the building) and through improved leases (the Company leases the land and buildings). The Lease right-of-use asset and Lease liability reflect the present value of the Company's estimated future minimum lease payments over the lease term, which includes options that are reasonably assured of being exercised, discounted using a collateralized incremental borrowing rate considering the term of the lease and particular currency environment. Leases with an initial term of 12 months or less, primarily related to leases of office equipment, are not included in the Lease right-or-use asset or Lease liability and continue to be recognized in the Consolidated Statement of Income on a straight-line basis over the lease term.

The Company has elected not to separate non-lease components from lease components in its lessee portfolio. To the extent that occupancy costs, such as site maintenance, are included in the asset and liability, the impact is immaterial and is generally limited to Company-owned and operated restaurant locations. For franchised locations, which represent the majority of the restaurant portfolio, the related occupancy costs including property taxes, insurance and site maintenance are generally required to be paid by the franchisees as part of the franchise arrangement. In addition, the Company is the lessee under non-restaurant related leases such as office buildings, vehicles and office equipment. These leases are not a material subset of the Company's lease portfolio.

CAPITALIZED SOFTWARE

Capitalized software is stated at cost and amortized using the straight-line method over the estimated useful life of the software, which primarily ranges from 3 to 10 years. Customer facing software is typically amortized over a shorter useful life, while back office and Corporate systems may have a longer useful life. Capitalized software less accumulated amortization is recorded within Miscellaneous other assets on the Consolidated Balance Sheet and was (in millions): 2025-$1,061; 2024-$907; 2023-$836.

The Company reviews capitalized software for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable or if an indicator of impairment exists. Results for the year ended December 31, 2023 reflected the write-off of impaired software no longer in use of $72 million. The Company did not identify any indicators of material impairment of capitalized software for the years ended December 31, 2025 and 2024.

LONG-LIVED ASSETS

Long-lived assets are reviewed for impairment indicators annually in the fourth quarter and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For purposes of annually reviewing McDonald's restaurant assets for potential impairment, assets are initially grouped together in the U.S. at a field office level, and internationally, at a market level. The Company manages its restaurants as a group or portfolio with significant common costs and promotional activities; as such, an individual restaurant's cash flows are not generally independent of the cash flows of others in a market. If an indicator of impairment exists for any grouping of assets, an estimate of undiscounted future cash flows produced by each individual restaurant within the asset grouping is compared to its carrying value. If an individual restaurant is determined to be impaired, the loss is measured by the excess of the carrying amount of the restaurant over its fair value as determined by an estimate of discounted future cash flows.

Losses on assets held for disposal are recognized when management and the Company's Board of Directors, as required, have approved and committed to a plan to dispose of the assets, the assets are available for disposal and the disposal is probable of occurring within 12 months, and the net sales proceeds are expected to be less than its net book value, among other factors. Generally, such losses are related to restaurants that have closed and ceased operations as well as other assets that meet the criteria to be considered "held for sale."

GOODWILL

Goodwill represents the excess of cost over the net tangible assets and identifiable intangible assets of acquired restaurants and other businesses, and it is generally assigned to the reporting unit (defined as each individual market) expected to benefit from the synergies of the combination. The Company's goodwill primarily results from purchases of McDonald's restaurants from franchisees or transactions in which the Company obtains a controlling interest in subsidiaries or affiliates. When purchasing restaurants from a franchisee, the Company generally uses a discounted cash flow methodology (Level 3 inputs within the valuation hierarchy), which determines the fair value of restaurants acquired based on their expected profitability and cash flows. If a Company-owned and operated restaurant is sold within 24 months of acquisition, the goodwill associated with the acquisition is written off in its entirety. If a Company-owned and operated restaurant is sold beyond 24 months from the acquisition, the amount of goodwill written off is based on the relative fair value of the business sold compared to the reporting unit.

The following table presents the 2025 activity in goodwill:

In millions	*U.S.*	*International Operated Markets*	*International Developmental Licensed Markets & Corporate*	*Consolidated*
Balance at December 31, 2024	$ 1,851	$ 1,132	$ 162	$ 3,145
Net restaurant purchases (sales)	(1)	70	—	69
Currency translation	—	117	23	140
Balance at December 31, 2025	**$ 1,850**	**$ 1,319**	**$ 185**	**$ 3,354**

The Company conducts goodwill impairment testing in the fourth quarter of each year or whenever indicators of impairment exist. If an indicator of impairment exists, the goodwill impairment test compares the fair value of a reporting unit, generally based on discounted future cash flows, with its carrying amount including goodwill. If the carrying amount of a reporting unit exceeds its fair value, an impairment loss is recorded for the difference. In the current period, the Company performed a qualitative assessment and did not identify any indicators of impairment. Historically, goodwill impairment has not significantly impacted the Consolidated Financial Statements.

ADVERTISING COSTS

Advertising costs included in operating expenses of Company-owned and operated restaurants primarily consist of contributions to advertising cooperatives based upon a percent of sales, and were (in millions): 2025–$341; 2024–$355; 2023–$347.

In addition, significant advertising costs are incurred by conventional franchisees through contributions to advertising cooperatives in individual markets that are also based upon a percent of sales. In the markets that make up the vast majority of the Systemwide advertising spend, including the U.S., McDonald's is not the primary beneficiary of these entities, and therefore has concluded that consolidation would not be appropriate, as the Company does not have the power through voting or similar rights to direct the activities of the cooperatives that most significantly impact their economic performance.

Production costs for radio and television advertising are expensed when the commercials are initially aired. These production costs, primarily in the U.S., as well as other marketing-related expenses are included in Selling, general & administrative expenses and were (in millions): 2025–$88; 2024–$90; 2023–$42.

INCOME TAXES

Income Tax Uncertainties

The Company, like other multi-national companies, is regularly audited by federal, state and foreign tax authorities, and tax assessments may arise several years after tax returns have been filed. Accordingly, tax liabilities are recorded when, in management's judgment, a tax position does not meet the more likely than not threshold for recognition. For tax positions that meet the more likely than not threshold, a tax liability may still be recorded depending on management's assessment of how the tax position will ultimately be settled. The Company records interest and penalties on unrecognized tax benefits in the provision for income taxes.

Deferred tax assets and liabilities are recognized for the tax consequences of temporary differences between the financial reporting basis and the tax basis of existing assets and liabilities. The Company records a valuation allowance to reduce its deferred tax assets if it is considered more likely than not that some portion or all of the deferred tax assets will not be realized. While the Company has considered future taxable income and ongoing prudent and feasible tax strategies, including the sale of appreciated assets, in assessing the need for the valuation allowance, if these estimates and assumptions change in the future, the Company may be required to adjust its valuation allowance. This could result in a charge to, or an increase in, income in the period such determination is made.

Refer to the Income Taxes footnote on page 58 of this Form 10-K for additional information.

Accounting for Global Intangible Low-Taxed Income ("GILTI")

The accounting policy of the Company is to record any tax on GILTI in the provision for income taxes in the year it is incurred.

FAIR VALUE MEASUREMENTS

The Company measures certain financial assets and liabilities at fair value on a recurring basis, and certain non-financial assets and liabilities on a nonrecurring basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. Fair value disclosures are reflected in a three-level hierarchy, maximizing the use of observable inputs and minimizing the use of unobservable inputs.

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market.
- Level 2 – inputs to the valuation methodology include quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability.

Certain of the Company's derivatives are valued using various pricing models or discounted cash flow analyses that incorporate observable market parameters, such as interest rate yield curves, option volatilities and foreign currency rates, classified as Level 2 within the valuation hierarchy. Derivative valuations incorporate credit risk adjustments that are necessary to reflect the probability of default by the counterparty or the Company.

- ***Certain Financial Assets and Liabilities Measured at Fair Value***

The following tables present financial assets and liabilities measured at fair value on a recurring basis by the valuation hierarchy as defined in the fair value guidance:

December 31, 2025

In millions	*Level 1* [1]	*Level 2*	*Total Carrying Value*
Investments	$ 247		$ 247
Derivative assets	$ —	$ 131	$ 131
Derivative liabilities		$ (145)	$ (145)

December 31, 2024

In millions	*Level 1* [1]	*Level 2*	*Total Carrying Value*
Investments	$ 226		$ 226
Derivative assets	$ 135	$ 199	$ 334
Derivative liabilities		$ (41)	$ (41)

(1) Level 1 is comprised of derivatives and investments that hedge market driven changes in liabilities associated with the Company's supplemental benefit plans.

- ***Non-Financial Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis***

Certain assets and liabilities are measured at fair value on a nonrecurring basis; that is, the assets and liabilities are not measured at fair value on an ongoing basis, but are subject to fair value adjustments in certain circumstances (e.g., when there is evidence of impairment).

- ***Certain Financial Assets and Liabilities not Measured at Fair Value***

At December 31, 2025, the fair value of the Company's debt obligations was estimated at $38.7 billion, compared to a carrying amount of $40.0 billion. The fair value of debt obligations is based upon quoted market prices, classified as Level 2 within the valuation hierarchy. The carrying amount of cash and equivalents and notes receivable approximate fair value.

FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

The Company is exposed to global market risks, including the effect of changes in interest rates and foreign currency fluctuations. The Company uses foreign currency denominated debt and derivative instruments to mitigate the impact of these changes. The Company does not hold or issue derivatives for trading purposes.

The Company documents its risk management objective and strategy for undertaking hedging transactions, as well as all relationships between hedging instruments and hedged items. The Company's derivatives that are designated for hedge accounting consist mainly of interest rate swaps, foreign currency forwards, and cross-currency interest rate swaps, and are classified as either fair value, cash flow or net investment hedges. Further details are explained in the "Fair Value," "Cash Flow" and "Net Investment" hedge sections.

The Company enters into certain derivatives that are not designated for hedge accounting. The Company has entered into equity derivative contracts to hedge market-driven changes in certain of its supplemental benefit plan liabilities. In addition, the Company uses foreign currency forwards to mitigate the change in fair value of certain foreign currency denominated assets and liabilities. Further details are explained in the "Undesignated Derivatives" section.

All derivatives (including those not designated for hedge accounting) are recognized on the Consolidated Balance Sheet at fair value and classified based on the instruments' maturity dates. Changes in the fair value measurements of the derivative instruments are reflected as adjustments to AOCI and/or current earnings.

The following table presents the fair values of derivative instruments included on the Consolidated Balance Sheet as of December 31, 2025 and 2024:

	Derivative Assets			Derivative Liabilities		
In millions	*Balance Sheet Classification*	***2025***	*2024*	*Balance Sheet Classification*	***2025***	*2024*
Derivatives designated as hedging instruments						
Foreign currency	Prepaid expenses and other current assets	**$ 3**	$ 125	Accrued payroll and other liabilities	**$ (117)**	$ (1)
Interest rate	Prepaid expenses and other current assets	**—**	34	Accrued payroll and other liabilities	**—**	(6)
Foreign currency	Miscellaneous other assets	**24**	40	Other long-term liabilities	**(12)**	—
Interest rate	Miscellaneous other assets	**—**	—	Other long-term liabilities	**(16)**	(34)
Total derivatives designated as hedging instruments		**$ 27**	$ 199		**$ (145)**	$ (41)
Derivatives not designated as hedging instruments						
Equity	Prepaid expenses and other current assets	**$ —**	$ 135			
Equity	Miscellaneous other assets	**104**	—			
Total derivatives not designated as hedging instruments		**$ 104**	$ 135		**$ —**	$ —
Total derivatives		**$ 131**	$ 334		**$ (145)**	$ (41)

The following table presents the pre-tax amounts from derivative instruments affecting income and AOCI for the year ended December 31, 2025 and 2024, respectively:

	Location of gain or loss recognized in income on derivative	Gain (loss) recognized in AOCI		Gain (loss) reclassified into income from AOCI		Gain (loss) recognized in income on derivative	
In millions		***2025***	*2024*	***2025***	*2024*	***2025***	*2024*
Foreign currency	Nonoperating income/expense	**$ (165)**	$ 126	**$ (39)**	$ (1)		
Interest rate	Interest expense	**(10)**	38	**2**	1		
Cash flow hedges		**$ (175)**	$ 164	**$ (37)**	$ —		
Foreign currency denominated debt	Nonoperating income/expense	**$ (1,599)**	$ 891				
Foreign currency derivatives	Nonoperating income/expense	**(194)**	114				
Foreign currency derivatives[1]	Interest expense					**$ 59**	$ 45
Net investment hedges		**$ (1,793)**	$ 1,005			**$ 59**	$ 45
Foreign currency	Nonoperating income/expense					**$ (12)**	$ (3)
Equity	Selling, general & administrative expenses					**11**	(9)
Undesignated derivatives						**$ (1)**	$ (12)

[1] *The amount of gain (loss) recognized in income related to components excluded from effectiveness testing.*

Fair Value Hedges

The Company enters into fair value hedges to reduce the exposure to changes in fair values of certain liabilities. The Company enters into fair value hedges that convert a portion of its fixed rate debt into floating rate debt by use of interest rate swaps. At December 31, 2025, the carrying amount of fixed-rate debt that was effectively converted was an equivalent notional amount of $484 million, which included a decrease of $16 million of cumulative hedging adjustments. For the year ended December 31, 2025, the Company recognized a $24 million gain on the fair value of interest rate swaps, and a corresponding loss on the fair value of the related hedged debt instrument to interest expense.

Cash Flow Hedges

The Company enters into cash flow hedges to reduce the exposure to variability in certain expected future cash flows. To protect against the reduction in value of forecasted foreign currency cash flows (such as royalties denominated in foreign currencies), the Company uses foreign currency forwards to hedge a portion of anticipated exposures. The hedges cover up to the next 18 months for certain exposures and are denominated in various currencies. As of December 31, 2025, the Company had derivatives outstanding with an equivalent notional amount of $2.0 billion that hedged a portion of forecasted foreign currency denominated cash flows.

Based on market conditions at December 31, 2025, the $13 million in cumulative cash flow hedging gains, after tax, is not expected to have a significant effect on earnings over the next 12 months.

Net Investment Hedges

The Company uses foreign currency denominated debt (third-party and intercompany) and foreign currency derivatives to hedge its investments in certain foreign subsidiaries and affiliates. Realized and unrealized translation adjustments from these hedges are included in shareholders' equity in the foreign currency translation component of Other comprehensive income ("OCI") and offset translation adjustments on the underlying net assets of foreign subsidiaries and affiliates, which also are recorded in OCI. As of December 31, 2025, $15.4 billion of the Company's third-party foreign currency denominated debt, and $1.9 billion of foreign currency derivatives were designated to hedge investments in certain foreign subsidiaries and affiliates.

Undesignated Hedges

The Company enters into certain derivatives that are not designated for hedge accounting. Therefore, the changes in the fair value of these derivatives are recognized immediately in earnings together with the gain or loss from the hedged balance sheet position. As an example, the Company enters into equity derivative contracts to hedge market-driven changes in certain of its supplemental benefit plan liabilities. The Company may also use certain investments to hedge changes in these liabilities. Changes in the fair value of these derivatives or investments are recorded in Selling, general & administrative expenses together with the changes in the supplemental benefit plan liabilities. In addition, the Company uses foreign currency forwards to mitigate the change in fair value of certain foreign currency denominated assets and liabilities. The changes in the fair value of these derivatives are recognized in non-operating (income) expense, net, along with the currency gain or loss from the hedged balance sheet position.

Credit Risk

The Company is exposed to credit-related losses in the event of non-performance by its derivative counterparties. The Company did not have significant exposure to any individual counterparty at December 31, 2025 and has master agreements that contain netting arrangements. For financial reporting purposes, the Company presents gross derivative balances in its financial statements and supplementary data, including for counterparties subject to netting arrangements. Some of these agreements also require each party to post collateral if credit ratings fall below, or aggregate exposures exceed, certain contractual limits. At December 31, 2025, the Company was required to post $79 million of collateral due to the negative fair value of certain derivative positions.

SHARE-BASED COMPENSATION

The Company has a share-based compensation plan, which authorizes the granting of various equity-based incentives including stock options and restricted stock units (“RSUs”) to employees and nonemployee directors.

Share-based compensation, which includes the portion vesting of all share-based awards granted based on the grant date fair value, is generally amortized on a straight-line basis over the vesting period in Selling, general & administrative expenses.

The fair value of each stock option granted is estimated on the date of grant using a closed-form pricing model. The pricing model requires assumptions, which impact the assumed fair value, including the expected life of the stock option, the risk-free interest rate, expected volatility of the Company’s stock over the expected life and the expected dividend yield. The Company uses historical data to determine these assumptions and if these assumptions change significantly for future grants, share-based compensation expense will fluctuate in future years. In addition, the Company estimates forfeitures when determining the amount of compensation costs to be recognized each period.

The fair value of each RSU granted is equal to the market price of the Company’s stock at date of grant. For performance-based RSUs, the Company includes a relative Total Shareholder Return ("TSR") modifier to determine the number of shares earned at the end of the performance period. The fair value of performance-based RSUs that include the TSR modifier is determined using a Monte Carlo valuation model.

Refer to the Share-based Compensation footnote on page 62 of this Form 10-K for additional information.

PER COMMON SHARE INFORMATION

Diluted earnings per common share is calculated using net income divided by diluted weighted-average shares. Diluted weighted-average shares include weighted-average shares outstanding plus the dilutive effect of share-based compensation calculated using the treasury stock method, of (in millions of shares): 2025–3.0; 2024–3.6; 2023–4.4. Share-based compensation awards that were not included in diluted weighted-average shares because they would have been antidilutive were (in millions of shares): 2025–1.8; 2024–1.9; 2023–2.0.

CASH AND EQUIVALENTS

The Company considers short-term, highly liquid investments with an original maturity of 90 days or less to be cash equivalents. As of December 31, 2025, Cash and equivalents was $774 million of which $228 million consisted of certificates of deposit.

Segment and Geographic Information

The Company operates under the following global organizational structure, which reflects how management reviews and evaluates operating performance:

- U.S. segment - the Company's largest market. The segment is 95% franchised as of December 31, 2025.
- International Operated Markets segment - comprised of markets, or countries in which the Company owns and operates and franchises restaurants, including Australia, Canada, France, Germany, Italy, Poland, Spain and the U.K. The segment is 89% franchised as of December 31, 2025.
- International Developmental Licensed Markets & Corporate - comprised primarily of developmental licensee and affiliate markets in the McDonald's System, including equity method investments in China and Japan, as well as Corporate activities. The International Developmental Licensed Markets are 99% franchised as of December 31, 2025.

The Company's chief operating decision makers ("CODMs") are the President and Chief Executive Officer ("CEO") and the Executive Vice President and Global Chief Financial Officer ("CFO"). Segment performance is evaluated based on one measure of a segment's profit or loss, operating income, which is used to allocate resources in the annual planning process. Throughout the year, the CODMs consider forecast to actual operating income results and variances against plan to evaluate segment performance and priorities related to allocation of capital and resources supporting organizational objectives.

All intercompany revenues and expenses are eliminated in computing revenues and operating income. Corporate general and administrative expenses consist of corporate office support costs in areas such as facilities, finance, human resources, information technology, legal, marketing, restaurant operations, supply chain and training. Corporate assets include corporate cash and equivalents, financial instruments, deferred tax assets and office facilities.

In millions		***2025***		*2024*		*2023*
U.S.	$	10,825	$	10,631	$	10,568
International Operated Markets		13,633		12,628		12,382
International Developmental Licensed Markets & Corporate		2,427		2,661		2,543
Total Revenues	$	26,885	$	25,920	$	25,494
U.S.	$	1,293	$	1,294	$	1,286
International Operated Markets		1,324		1,231		1,170
International Developmental Licensed Markets & Corporate		1		11		19
Total Franchised restaurants-occupancy expenses	$	2,618	$	2,536	$	2,475
U.S.	$	2,755	$	2,780	$	2,732
International Operated Markets		5,101		4,765		4,707
International Developmental Licensed Markets & Corporate		413		790		785
Total Company-operated restaurant expenses	$	8,268	$	8,334	$	8,224
U.S.	$	653	$	654	$	661
International Operated Markets		705		631		635
International Developmental Licensed Markets & Corporate		1,682		1,573		1,521
Total Selling, general & administrative expenses	$	3,039	$	2,858	$	2,817
U.S.	$	316	$	170	$	195
International Operated Markets		122		55		39
International Developmental Licensed Markets & Corporate		128		254		97
Total Other segment items*	$	566	$	480	$	331
U.S.	$	5,808	$	5,733	$	5,694
International Operated Markets		6,382		5,946		5,831
International Developmental Licensed Markets & Corporate		203		33		121
Total Operating income	$	12,393	$	11,712	$	11,647
U.S.	$	23,008	$	22,547	$	22,477
International Operated Markets		27,487		23,491		23,947
International Developmental Licensed Markets & Corporate		9,020		9,143		9,723
Total Assets	$	59,515	$	55,182	$	56,147
U.S.	$	1,277	$	1,055	$	963
International Operated Markets		2,048		1,661		1,340
International Developmental Licensed Markets & Corporate		40		58		54
Total Capital expenditures	$	3,365	$	2,775	$	2,357
U.S.	$	995	$	980	$	969
International Operated Markets		789		730		679
International Developmental Licensed Markets & Corporate		415		387		330
Total Depreciation & amortization**	$	2,199	$	2,097	$	1,978

*Other segment items is the difference between revenues less the significant expenses disclosed and operating income. This includes other restaurant expenses and other operating expenses detailed in the Other operating (income) expense, net footnote on page 55 of this Form 10-K.

**Total depreciation & amortization is included within the respective expense lines disclosed above, such as Company-operated restaurant expenses, Franchised restaurants-occupancy expenses, and Selling, general & administrative expenses.

Total long-lived assets, primarily property and equipment and lease right-of-use asset, were (in billions)–Consolidated: 2025–$44.0; 2024–$39.6; U.S. based: 2025–$20.8; 2024–$20.2.

Property and Equipment

Net property and equipment consisted of:

In millions	*December 31,* ***2025***	*2024*
Land	**$ 8,169**	$ 7,253
Buildings and improvements on owned land	**22,202**	20,487
Buildings and improvements on leased land	**15,506**	13,417
Equipment, signs and seating	**2,954**	2,586
Other	**459**	434
Property and equipment, at cost	**49,290**	44,177
Accumulated depreciation and amortization	**(21,049)**	(18,882)
Net property and equipment	**$ 28,241**	$ 25,295

Depreciation and amortization expense for property and equipment was $1.6 billion for the year ended December 31, 2025, and $1.5 billion for the years ended December 31, 2024 and 2023. The increase in Net property and equipment was primarily driven by higher capital expenditures as a result of the Company's Restaurant Development growth pillar under its *Accelerating the Arches* strategy.

Franchise Arrangements

Conventional franchise arrangements generally include a lease and a license and provide for payment of initial fees, as well as continuing rent and royalties to the Company based upon a percent of sales with minimum rent payments. Minimum rent payments are based on the Company's underlying investment in owned sites and parallel the Company's underlying leases and escalations on properties that are leased. Under the franchise arrangement, franchisees are granted the right to operate a restaurant using the McDonald's System and, in most cases, the use of a restaurant facility, generally for a period of 20 years. At the end of the 20-year franchise arrangement, the Company maintains control of the underlying real estate and building and can either enter into a new 20-year franchise arrangement with the existing franchisee or a different franchisee, or close the restaurant. Franchisees generally pay related occupancy costs including property taxes, insurance and site maintenance.

Developmental licensees and affiliates operating under license agreements pay a royalty to the Company based upon a percent of sales, and generally pay initial fees.

McDonald's has elected to allocate consideration in the franchise contract among lease and non-lease components in the same manner that it has historically: rental income (lease), royalty income (non-lease) and initial fee income (non-lease). This disaggregation and presentation of revenue is based on the nature, amount, timing and certainty of the revenue and cash flows. The allocation has been determined based on a mix of both observable and estimated standalone selling prices (the price at which an entity would sell a promised good or service separately to a customer).

Revenues from franchised restaurants consisted of:

In millions	***2025***	*2024*	*2023*
Rents	**$ 10,442**	$ 10,017	$ 9,840
Royalties	**6,018**	5,606	5,531
Initial fees	**88**	92	66
Revenues from franchised restaurants	**$ 16,548**	$ 15,715	$ 15,437

Future gross minimum rent payments due to the Company under existing conventional franchise arrangements are:

In millions	*Owned sites*	*Leased sites*	*Total*
2026	$ 1,509	$ 1,536	$ 3,045
2027	1,465	1,478	2,943
2028	1,409	1,403	2,812
2029	1,334	1,325	2,659
2030	1,271	1,256	2,527
Thereafter	8,855	8,610	17,465
Total minimum payments	$ 15,843	$ 15,608	$ 31,451

At December 31, 2025, net property and equipment under franchise arrangements totaled $22.8 billion (including land of $7.1 billion) after deducting accumulated depreciation and amortization of $16.9 billion.

Leasing Arrangements

The Company is the lessee in a significant real estate portfolio, primarily through ground leases (the Company leases the land and generally owns the building) and through improved leases (the Company leases the land and buildings). The Company determines whether an arrangement is a lease at inception. Lease terms for most restaurants, where market conditions allow, are generally for 20 years and, in many cases, provide for rent escalations and renewal options. Renewal options are typically solely at the Company's discretion. Escalation terms vary by market with examples including fixed-rent escalations, escalations based on an inflation index and fair-value market adjustments. The timing of these escalations generally range from annually to every five years.

The following table provides detail of rent expense:

In millions	***2025***	*2024*	*2023*
Restaurants	**$ 1,573**	$ 1,531	$ 1,491
Other	**58**	51	51
Total rent expense	**$ 1,631**	$ 1,582	$ 1,542

Rent expense included variable lease payments in excess of minimum rents (in millions) as follows–Company-owned and operated restaurants: 2025–$46; 2024–$55; 2023–$56. Franchised restaurants: 2025–$285; 2024–$271; 2023–$261. These variable lease payments are primarily based on a percent of sales.

The Lease right-of-use asset and Lease liability reflect the present value of the Company's estimated future minimum lease payments over the lease term, which includes options that are reasonably certain of being exercised, discounted using a collateralized incremental borrowing rate. Typically, renewal options are considered reasonably certain of being exercised if the associated asset lives of the building or leasehold improvements exceed that of the initial lease term, and the sales performance of the restaurant remains strong. Therefore, the Lease right-of-use asset and Lease liability include an assumption on renewal options that have not yet been exercised by the Company, and are not currently a future obligation.

The following table details amounts related to operating and finance leases recorded within the Company's Consolidated Balance Sheet.

December 31, 2025

In millions	*Operating*	*Finance*	*Total*
Lease right-of use asset, net	$ 12,438	$ 2,168	**$ 14,606**
Current lease liability	671	23	**694**
Long-term lease liability	11,817	2,329	**14,147**

December 31, 2024

In millions	*Operating*	*Finance*	*Total*
Lease right-of use asset, net	$ 11,319	$ 2,020	$ 13,339
Current lease liability	625	11	636
Long-term lease liability	11,118	1,770	12,888

As the rate implicit in each lease is not readily determinable, the Company uses an incremental borrowing rate to calculate the lease liability that represents an estimate of the interest rate the Company would incur to borrow on a collateralized basis over the term of a lease within a particular currency environment.

The following table summarizes the weighted average remaining lease term and discount rate used for leases as of December 31, 2025 and 2024:

	2025	2024
Weighted-average remaining lease term - operating leases	**16 years**	17 years
Weighted-average remaining lease term - finance leases	**28 years**	28 years
Weighted-average discount rate - operating leases	**4.2 %**	4.1 %
Weighted-average discount rate - finance leases	**4.4 %**	4.0 %

The Company makes cash payments related to its operating and finance lease liabilities, of which the majority are recorded within operating activities on the Consolidated Statement of Cash Flows. For each of the three years reflected within its cash flow statement, the Company made total payments of approximately $1.7 billion. Of these total payments, approximately 4% related to the Company's repayment of the principal portion of finance lease liabilities, and were recorded within financing activities on the Consolidated Statement of Cash Flows. Lease right-of-use assets obtained in exchange for operating and finance lease liabilities totaled approximately $765 million and $468 million, respectively, during the year ended December 31, 2025.

As of December 31, 2025, maturities of lease liabilities for the Company's lease portfolio were as follows:

In millions	*Operating*	*Finance*	*Total**
2026	$ 1,200	$ 120	$ 1,321
2027	1,166	123	1,289
2028	1,115	124	1,239
2029	1,076	125	1,201
2030	1,029	127	1,156
Thereafter	10,977	3,443	14,420
Total lease payments	$ 16,564	$ 4,062	$ 20,626
Less: imputed interest	4,075	1,710	5,785
Present value of lease liability	$ 12,488	$ 2,352	$ 14,840

* Total lease payments include option periods that are reasonably certain of being exercised.

The increase in the present value of the lease liability since December 31, 2024 is approximately $1.3 billion. The lease liability will continue to be impacted by new leases, lease modifications, lease terminations, reevaluation of lease terms, and foreign currency.

Contingencies

In the ordinary course of business, the Company is subject to proceedings, lawsuits and other claims primarily related to competitors, customers, employees, franchisees, government agencies, intellectual property, shareholders and suppliers. The Company is required to assess the likelihood of adverse judgments or outcomes to these matters as well as potential ranges of probable losses. A determination of the amount of accrual required, if any, for these contingencies is made after careful analysis of each matter. The required accrual may change in the future due to new developments in a particular matter or changes in approach such as a change in settlement strategy in dealing with these matters. The Company does not believe that any such matter currently being reviewed will have a material adverse effect on its financial condition or results of operations.

Other Operating (Income) Expense, Net

In millions	***2025***	*2024*	*2023*
Gains on sales of restaurant businesses	**$ (133)**	$ (94)	$ (103)
Equity in earnings of unconsolidated affiliates	**(190)**	(157)	(153)
Asset dispositions and other (income) expense, net	**97**	100	(7)
Impairment and other charges (gains), net	**229**	291	362
Total	**$ 2**	$ 139	$ 99

- ***Gains on sales of restaurant businesses***

The Company's purchases and sales of businesses with its franchisees are aimed at maintaining an optimal ownership mix in each market. Resulting gains or losses on sales of restaurant businesses are recorded in operating income because these transactions are a recurring part of the Company's business.

- ***Equity in earnings of unconsolidated affiliates***

Unconsolidated affiliates and partnerships are businesses in which the Company actively participates but does not control. The Company records equity in (earnings) losses from these entities representing McDonald's share of results for markets primarily in the International Developmental Licensed Markets, as well as in the International Operated Markets. For foreign affiliated markets—primarily China and Japan—results are reported net of interest expense and income taxes.

- ***Asset dispositions and other (income) expense, net***

Asset dispositions and other (income) expense, net consists of gains or losses on excess property and other asset dispositions, provisions for restaurant closings, reserves for bad debts, asset write-offs due to restaurant reinvestment, sale of properties, and other miscellaneous income and expenses.

- ***Impairment and other charges (gains), net***

Impairment and other charges (gains), net includes losses that result from the write down of goodwill and long-lived assets from their carrying value to their fair value, charges associated with strategic initiatives, such as refranchising and restructuring activities, as well as realized gains/losses from the divestiture of ownership percentages of subsidiaries. In 2025 this category reflected $229 million of net pre-tax restructuring charges primarily related to *Accelerating the Organization.* In 2024 this category reflected $221 million of pre-tax restructuring charges primarily related to *Accelerating the Organization* and net pre-tax charges of $70 million primarily consisting of property sale gains, transaction costs and non-cash impairment charges associated with the sale of McDonald's business in South Korea and transaction costs associated with the acquisition of McDonald's business in Israel. In 2023 this category included $290 million of pre-tax charges related to the Company's *Accelerating the Arches* growth strategy, including restructuring charges associated with *Accelerating the Organization,* and $72 million of pre-tax charges related to the write-off of impaired software no longer in use.

Accelerating the Organization

In January 2023, the Company announced an evolution of its successful *Accelerating the Arches* strategy. Enhancements to the strategy included the addition of Restaurant Development to the Company's growth pillars and an internal effort to modernize ways of working, *Accelerating the Organization*, both of which are aimed at elevating the Company's performance. *Accelerating the Organization* is designed to unlock further growth as the Company focuses on becoming faster, more innovative and more efficient for its customers and people.

The Company incurred $226 million, $221 million, and $250 million of restructuring charges related to *Accelerating the Organization* in the years ended December 31, 2025, 2024, and 2023, respectively. These restructuring charges were recorded in the Other operating (income) expense, net line within the Consolidated Statement of Income. There were no significant non-cash impairment charges included in the amounts listed in the table below.

The following table summarizes the balance of accrued expenses related to this strategic initiative (in millions):

	Employee Termination Benefits	Costs to Terminate Contracts	Professional Services and Other Costs	Total
2023				
Accrued Balance at Beginning of Year	$ —	$ —	$ —	$ —
Restructuring Costs Incurred	96	32	122	250
Cash Payments	(52)	(21)	(99)	(172)
Other Non-Cash Items	(3)	—	(16)	(19)
Accrued Balance at December 31, 2023	$ 41	$ 11	$ 7	$ 59
2024				
Accrued Balance at Beginning of Year	$ 41	$ 11	$ 7	$ 59
Restructuring Costs Incurred	6	1	214	221
Cash Payments	(24)	(8)	(205)	(237)
Other Non-Cash Items	—	—	(1)	(1)
Accrued Balance at December 31, 2024	$ 23	$ 4	$ 15	$ 42
2025				
Accrued Balance at Beginning of Year	$ 23	$ 4	$ 15	$ 42
Restructuring Costs Incurred	32	1	193	226
Cash Payments	(21)	(1)	(197)	(219)
Other Non-Cash Items	—	—	4	4
Accrued Balance at December 31, 2025	**$ 34**	**$ 4**	**$ 15**	**$ 53**

Of the $226 million of restructuring charges incurred for the year ended December 31, 2025, $201 million was recorded at Corporate, and $25 million was recorded in the International Operated Markets.

Substantially all of the accrued restructuring balance recorded at December 31, 2025, related to the Company's *Accelerating the Organization* initiative, is expected to be paid out over the next twelve months.

The Company continues to evolve its ways of working by driving efficiency and effectiveness across the organization, primarily led by its Global Business Services ("GBS") organization. Transformation efforts under *Accelerating the Organization* will continue to result in various restructuring charges as the strategy progresses through its anticipated completion during 2027, with $697 million of total restructuring charges incurred since the initiative commenced in 2023. The Company currently expects to incur approximately $250 million of restructuring charges in 2026, primarily related to professional services costs.

Equity Method Investments

The Company has various investments accounted for using the equity method. Under the equity method of accounting, the Company records its proportionate share of the net income or loss of each equity method investee, with a corresponding change to the carrying value of the investment. The carrying value of the investment is also adjusted for any dividends received and the effect of foreign exchange. The Company records its proportionate share of net income or loss within the Other operating (income) expense, net line on the Consolidated Statement of Income. The carrying value of the investments are recorded within the Investments in and advances to affiliates line on the Consolidated Balance Sheet. The Company has elected to record dividends received from its equity method investments under the nature of distribution approach, which provides for the recording of such distributions within the cash provided by operations section of the Consolidated Statement of Cash Flows to the extent that such distributions are from the normal operating or financing activities of the investee.

The Company's primary equity method investments include partial ownership in Grand Foods Holding, an entity that operates and manages McDonald's business in mainland China, Hong Kong and Macau, and partial ownership in McDonald's Japan Holdings Co., Ltd, an entity that operates and manages McDonald's business in Japan. The Company has granted these entities the right to operate the McDonald's business as part of a Master Franchise Agreement. Revenue related to these agreements are accounted for in a manner consistent with the Company's other franchise arrangements.

The following table summarizes the amounts related to the Company's primary equity method investees during the periods presented.

	December 31, 2025			December 31, 2024		
In Millions	**Percentage Ownership**	**Fair Value (Level 1)**	**Carrying Amount**	Percentage Ownership	Fair Value (Level 1)	Carrying Amount
Grand Foods Holding	**48 %**	**N/A**	**$ 2,048**	48 %	N/A	$ 1,973
McDonald's Japan Holdings Co., Ltd	**35 %**	**$ 1,915**	**$ 657**	35 %	$ 1,849	$ 590

As of December 31, 2025, the aggregate carrying amount of the Company's investments in these equity method investees exceeded its proportionate share of the net assets of these equity method investees by $1.4 billion. This difference is not amortized. Management has concluded that there are no indicators of impairment related to these investments.

The following table summarizes the amounts recorded related to the Company's primary equity method investments during the year ended December 31, 2025 and December 31, 2024, respectively.

	Year Ended December 31,	
In Millions	**2025**	2024
Revenue	**$ 579**	$ 538
Equity in Earnings	**146**	113
Accounts Receivable	**89**	157
Dividends Received	**15**	157

Income Taxes

Income before provision for income taxes, classified by source of income, was as follows:

In millions	**2025**	2024	2023
U.S.	$ 3,291	$ 3,282	$ 3,665
Outside the U.S.	7,606	7,062	6,857
Income before provision for income taxes	$ 10,897	$ 10,345	$ 10,522

The provision for income taxes, classified by the timing and location of payment, was as follows:

In millions	**2025**	2024	2023
U.S. federal	$ 1,085	$ 1,412	$ 1,340
U.S. state	198	269	263
Outside the U.S.	1,177	1,014	1,137
Current tax provision	2,460	2,695	2,740
U.S. federal	(349)	(76)	(146)
U.S. state	(84)	(20)	(30)
Outside the U.S.	307	(478)	(511)
Deferred tax (benefit) provision	(126)	(574)	(686)
Provision for income taxes	$ 2,334	$ 2,121	$ 2,053

Income taxes paid (net of refunds), classified by location of payment, were as follows:

In millions	**2025**
Federal[1]	$ 1,326
State	252
Foreign	
United Kingdom	357
France	156
Other foreign jurisdictions	597
Total income taxes paid, net	$ 2,688

(1) Included in the income taxes paid amount is $429 million related to the purchase of Federal transferrable energy credits.

Income taxes paid, net, was $3.0 billion for the years ended December 31, 2024 and 2023.

Net deferred tax (assets) liabilities consisted of:

In millions	*December 31,* **2025**	2024
Lease right-of-use asset	$ 3,533	$ 3,213
Property and equipment	1,588	1,568
Intangible assets	91	187
Other	25	437
Total deferred tax liabilities	5,237	5,405
Lease liability	(3,615)	(3,292)
Intangible assets	(3,582)	(3,495)
Property and equipment	(488)	(469)
Deferred foreign tax credits	(69)	(50)
Employee benefit plans	(168)	(168)
Deferred revenue	(141)	(113)
Operating loss carryforwards	(197)	(195)
Other	(155)	(170)
Total deferred tax assets before valuation allowance	(8,415)	(7,951)
Valuation allowance	960	917
Net deferred tax (assets) liabilities	$ (2,218)	$ (1,629)
Balance sheet presentation:		
Deferred income taxes	$ 1,038	$ 1,914
Other assets-miscellaneous	(3,256)	(3,543)
Net deferred tax (assets) liabilities	$ (2,218)	$ (1,629)

At December 31, 2025, the Company had net operating loss carryforwards of $878 million, of which $764 million has an indefinite carryforward. The remainder will expire at various dates from 2026 to 2046.

The statutory U.S. federal income tax rate reconciles to the effective income tax rates as follows:

		2025	
Dollars in millions		*Amount*	*Percent*
Statutory U.S. federal income tax rate	$	2,288	21.0 %
State income taxes, net of related federal income tax benefit[1]		149	1.4
Foreign tax effects		226	2.1
Effect of changes in tax laws or rates enacted in the current period		—	—
Effect of cross-border tax laws			
Global intangible low-tax income ("GILTI")		103	0.9
Foreign-derived intangible income ("FDII")		(131)	(1.2)
Other		33	0.3
Tax credits		(43)	(0.4)
Changes in valuation allowances		64	0.6
Nontaxable or nondeductible items		—	—
Changes in unrecognized tax benefits		(1)	—
Other adjustments			
Tax impact of intercompany transactions		(314)	(2.9)
Other		(40)	(0.4)
Effective income tax rate	$	2,334	21.4 %

(1) State income taxes in California and Illinois make up the majority (greater than 50%) of the tax effect in this category.

	2024	*2023*
Statutory U.S. federal income tax rate	21.0 %	21.0 %
State income taxes, net of related federal income tax benefit	1.9	1.8
Foreign income taxed at different rates	2.4	1.9
Tax impact of intercompany transactions	(1.1)	(0.7)
Global intangible low-tax income ("GILTI")	0.5	0.5
Foreign-derived intangible income ("FDII")	(3.4)	(2.7)
Other, net	(0.8)	(2.3)
Effective income tax rates	20.5 %	19.5 %

Results for 2023 reflected income tax benefits primarily related to global audit progression and deferred tax adjustments.

As of December 31, 2025 and 2024, the Company's gross unrecognized tax benefits totaled $414 million and $461 million, respectively. After considering the deferred tax accounting impact, it is expected that about $402 million of the total as of December 31, 2025 would favorably affect the effective tax rate if resolved in the Company's favor.

The following table presents a reconciliation of the beginning and ending amounts of unrecognized tax benefits:

In millions		2025		*2024*
Balance at January 1	$	461	$	588
Decreases for positions taken in prior years		(67)		(133)
Increases for positions taken in prior years		19		131
Increases for positions related to the current year		46		47
Settlements with taxing authorities		(31)		(172)
Lapsing of statutes of limitations		(14)		—
Balance at December 31[1]	$	414	$	461

(1) Of this amount, $353 million and $421 million are included in Long-term income taxes for 2025 and 2024, respectively, and $62 million and $40 million are included in Income taxes for 2025 and 2024, respectively, on the Consolidated Balance Sheet.

The Company is currently under audit with the U.S. Internal Revenue Service (the "IRS") for tax years 2011 through 2012 and 2016 through 2021. As of December 31, 2025, the IRS examination for tax years 2011 and 2012 are awaiting final resolution with the IRS appeals team. Examination years 2016 through 2021 remain open as of the end of the period.

The Company is also under audit in multiple foreign tax jurisdictions, primarily related to transfer pricing, as well as multiple state tax jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations for years before 2009.

During 2025, the Company finalized and settled certain tax examinations and remeasured other income tax reserves based on audit progression. It is reasonably possible that, as a result of audit progression in both the U.S. and foreign tax audits within the next 12 months, there may be new information that causes the Company to reassess the total amount of unrecognized tax benefits recorded. While the Company cannot estimate the impact that new information may have on the unrecognized tax benefits balance, it believes that the liabilities recorded are appropriate and adequate.

The Company accrued $18 million and $17 million for interest and penalties related to tax matters at December 31, 2025 and 2024, respectively. Costs recognized for interest and penalties related to tax matters in 2025, 2024 and 2023 were immaterial. These amounts are included in the provision for income taxes.

As of December 31, 2025, the Company has accumulated undistributed earnings generated by its foreign subsidiaries, which were predominantly taxed in the U.S. as a result of the transition tax provisions enacted under the Tax Cuts and Jobs Act of 2017. Management does not assert that these previously-taxed unremitted earnings are indefinitely reinvested in operations outside the U.S. Accordingly, the Company has provided deferred taxes for the tax effects incremental to the transition tax. The Company has not provided for deferred taxes on outside basis differences in its investments in its foreign subsidiaries that are unrelated to these accumulated undistributed earnings, as these outside basis differences are indefinitely reinvested. A determination of the unrecognized deferred taxes related to these other components of the outside basis differences is not practicable.

Employee Benefit Plans

The Company's 401(k) Plan is maintained for U.S.-based employees and includes a 401(k) feature, as well as an employer match. The 401(k) feature allows eligible participants to make pre-tax and Roth contributions that are matched each pay period (with an annual true-up) through cash contributions.

All current account balances, future contributions and related earnings can be invested in nine investment alternatives (including a target date fund series), as well as McDonald's stock in accordance with each participant's investment elections. Future participant contributions are limited to 20% investment in McDonald's stock and participants may not transfer their existing account balance into McDonald's stock if the transfer would cause the value of their interest in the fund to exceed 20% of their total 401(k) Plan account balance. Participants may choose to make separate investment choices for current account balances and future contributions.

The Company also maintains certain unfunded nonqualified supplemental benefit plans that allow participants to (i) make tax-deferred contributions and (ii) receive an annual Company-match allocation that cannot be made under the 401(k) Plan because of IRS limitations. The investment alternatives and returns are based on certain market-rate investment alternatives under the 401(k) Plan, net of expenses. Total liabilities were $421 million and $413 million at December 31, 2025 and 2024, respectively, and were primarily included in Other long-term liabilities on the Consolidated Balance Sheet.

The Company has entered into contracts to hedge market-driven changes in certain of the liabilities. At December 31, 2025, derivatives with a fair value of $104 million indexed to the Company's stock were included in Miscellaneous other assets and an investment totaling $247 million indexed to certain market indices were included in Prepaid expenses and other current assets on the Consolidated Balance Sheet. Changes in liabilities for these nonqualified plans and in the fair value of the derivatives and investment are recorded primarily in Selling, general & administrative expenses. Changes in fair value of the derivatives indexed to the Company's stock are recorded in the Consolidated Statement of Income because the contracts provide the counterparty with a choice to settle in cash or shares.

Total U.S. costs for the 401(k) Plan and nonqualified benefits were immaterial to the Consolidated Statement of Income. All other post-retirement benefits and post-employment benefits, both in the U.S. and at our international subsidiaries, were also immaterial to the Consolidated Statement of Income.

Debt Financing

LINE OF CREDIT AGREEMENTS

At December 31, 2025, the Company had a line of credit agreement of $4.0 billion, which expires in June 2028. The Company incurs fees of 0.08% per annum on the total commitment, which remained unused. Fees and interest rates on this line are primarily based on the Company's long-term credit rating assigned by Moody's and Standard & Poor's. In addition, the Company's subsidiaries had unused lines of credit that were primarily uncommitted, short-term and denominated in various currencies at local market rates of interest.

The weighted-average interest rate of short-term borrowings was 4.2% at December 31, 2025 (based on $4 million of foreign currency bank line borrowings and $798 million of commercial paper outstanding) and 4.6% at December 31, 2024 (based on $5 million of foreign currency bank line borrowings and $790 million of commercial paper outstanding). At December 31, 2025, $798 million of short-term borrowings and $725 million of current maturities of other debt obligations, were classified as Long-term debt on the Consolidated Balance Sheet as they are supported by a long-term line of credit agreement expiring in June 2028.

DEBT OBLIGATIONS

The Company has incurred debt obligations principally through public and private offerings and bank loans. There are no provisions in the Company's debt obligations that would accelerate repayment of debt as a result of a change in credit ratings or a material adverse change in the Company's business. Certain of the Company's debt obligations contain cross-acceleration provisions, and restrictions on Company and subsidiary mortgages and the long-term debt of certain subsidiaries. Under certain agreements, the Company has the option to retire debt prior to maturity, either at par or at a premium over par. The Company has no current plans to retire a significant amount of its debt prior to maturity, but continues to look for ways to optimize its debt portfolio.

The following table summarizes the Company's debt obligations (interest rates and debt amounts reflected in the table include the effects of interest rate swaps used to hedge debt).

		Interest rates[1] December 31		*Amounts outstanding December 31*	
In millions of U.S. Dollars	*Maturity dates*	***2025***	*2024*	***2025***	*2024*
Fixed		**4.4 %**	4.2 %	**$ 23,233**	$ 24,134
Floating		**5.1**	5.7	**1,298**	1,290
Total U.S. Dollar	2027-2053			**24,531**	25,424
Fixed		**2.6**	2.5	**11,486**	8,875
Floating		**—**	5.3	**—**	311
Total Euro	2026-2035			**11,486**	9,186
Fixed		**3.7**	3.7	**400**	371
Floating		**—**	—	**—**	
Total Australian Dollar	2026-2029			**400**	371
Total British Pounds Sterling - Fixed	2032-2054	**4.1**	4.1	**1,679**	1,559
Total Canadian Dollar - Fixed	2031-2032	**4.5**	4.0	**1,275**	1,390
Total Japanese Yen - Fixed	2030	**2.9**	2.9	**80**	79
Fixed		**1.2**	1.2	**694**	605
Floating		**—**	0.7		2
Total other currencies[2]	2028-2032			**694**	607
Debt obligations before fair value adjustments and deferred debt costs[3]				**40,145**	38,616
Fair value adjustments[4]				**(15)**	(40)
Deferred debt costs				**(157)**	(152)
Total debt obligations				**$ 39,973**	$ 38,424

(1) Weighted-average effective rate, computed on a semi-annual basis.

(2) Consists of Swiss Francs.

(3) Aggregate maturities for 2025 debt balances, before fair value adjustments and deferred debt costs, are as follows (in millions): 2026–$0; 2027–$3,201; 2028–$5,166; 2029–$3,637; 2030–$3,011; Thereafter-$25,130. These amounts include a reclassification of short-termobligations totaling $1.5 billion to long-termobligations as they are supported by a long-termline of credit agreement expiring in June 2028.

(4) The carrying value of underlying items in fair value hedges, in this case debt obligations, are adjusted for fair value changes to the extent they are attributable to the risk designated as being hedged. The related hedging instruments are also recorded at fair value on the Consolidated Balance Sheet.

Share-based Compensation

The Company maintains a share-based compensation plan, which authorizes the granting of various equity-based incentives including stock options and RSUs to employees and nonemployee directors. The number of shares of common stock reserved for issuance under the plan was 27.8 million at December 31, 2025, including 17.8 million available for future grants.

Share-based compensation expense and the effect on diluted earnings per common share were as follows:

In millions, except per share data	**2025**	2024	2023
Share-based compensation expense	**$ 165**	$ 172	$ 175
After tax	**$ 146**	$ 136	$ 155
Earnings per common share-diluted	**$ 0.21**	$ 0.19	$ 0.21

As of December 31, 2025, there was $198 million of total unrecognized compensation cost related to nonvested share-based compensation that is expected to be recognized over a weighted-average period of 1.5 years.

STOCK OPTIONS

Stock options to purchase common stock are granted with an exercise price equal to the closing market price of the Company's stock on the date of grant. Substantially all of the options become exercisable in four equal installments, beginning a year from the date of the grant, and generally expire 10 years from the grant date.

The following table presents the weighted-average assumptions used in the option pricing model for the 2025, 2024 and 2023 stock option grants. The expected life of the options represents the period of time the options are expected to be outstanding and is based on historical trends. Expected stock price volatility is generally based on the historical volatility of the Company's stock for a period approximating the expected life. The expected dividend yield is based on the Company's most recent annual dividend rate. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant with a term equal to the expected life.

Weighted-average assumptions

	2025	2024	2023
Expected dividend yield	**2.3 %**	2.3 %	2.3 %
Expected stock price volatility	**21.5 %**	21.2 %	21.6 %
Risk-free interest rate	**4.5 %**	4.1 %	3.9 %
Expected life of options *(in years)*	**5.8**	5.8	5.8
Fair value per option granted	**$ 66.69**	$ 59.82	$ 54.35

Intrinsic value for stock options is defined as the difference between the current market value of the Company's stock and the exercise price. During 2025, 2024 and 2023, the total intrinsic value of stock options exercised was $240 million, $269 million and $304 million, respectively. Cash received from stock options exercised during 2025 was $285 million and the tax benefit realized from stock options exercised totaled $44 million. The Company uses treasury shares purchased under the Company's share repurchase program to satisfy share-based exercises.

A summary of the status of the Company's stock option grants as of December 31, 2025, 2024 and 2023, and changes during the years then ended, is presented in the following table:

	2025				2024		2023	
Options	*Shares in millions*	*Weighted-average exercise price*	*Weighted-average remaining contractual life in years*	*Aggregate intrinsic value in millions*	*Shares in millions*	*Weighted-average exercise price*	*Shares in millions*	*Weighted-average exercise price*
Outstanding at beginning of year	**9.5**	**$ 208.72**			10.5	$ 189.78	11.4	$ 172.27
Granted	**1.1**	**307.62**			1.2	288.92	1.2	266.70
Exercised	**(1.7)**	**163.31**			(1.9)	151.37	(2.0)	133.76
Forfeited/expired	**(0.1)**	**278.07**			(0.3)	262.34	(0.1)	244.95
Outstanding at end of year	**8.8**	**$ 228.19**	**5.3**	**$ 682**	9.5	$ 208.72	10.5	$ 189.78
Exercisable at end of year	**6.3**	**$ 203.92**	**4.1**	**$ 638**	6.7		7.2	

RSUs

RSUs generally vest 100% on the third anniversary of the grant and are payable in either shares of the Company's common stock or cash, at the Company's discretion. The fair value of each RSU granted is equal to the market price of the Company's stock at date of grant. Separately, Company officers have been awarded RSUs that vest based on Company performance. For performance-based RSUs, the Company includes a relative TSR modifier to determine the number of shares earned at the end of the performance period. The fair value of performance-based RSUs that include the TSR modifier is determined using a Monte Carlo valuation model.

A summary of the Company's RSU activity during the years ended December 31, 2025, 2024 and 2023 is presented in the following table:

	2025		2024		2023	
RSUs	*Shares in millions*	*Weighted-average grant date fair value*	*Shares in millions*	*Weighted-average grant date fair value*	*Shares in millions*	*Weighted-average grant date fair value*
Nonvested at beginning of year	**1.2**	**$ 275.37**	1.2	$ 238.21	1.2	$ 222.32
Granted	**0.6**	**309.59**	0.6	277.36	0.5	255.14
Vested	**(0.5)**	**262.66**	(0.6)	220.87	(0.4)	210.03
Forfeited	**(0.1)**	**295.00**	0.0	273.70	(0.1)	244.58
Nonvested at end of year	**1.2**	**$ 295.22**	1.2	$ 275.37	1.2	$ 238.21

The total fair value of RSUs vested during 2025, 2024 and 2023 was $145 million, $173 million and $127 million, respectively. The tax benefit realized from RSUs vested during 2025 was $28 million.

Management's Assessment of Internal Control Over Financial Reporting

The financial statements were prepared by management, which is responsible for their integrity and objectivity and for establishing and maintaining adequate internal controls over financial reporting.

The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that:

I. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

II. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

III. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

There are inherent limitations in the effectiveness of any internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even effective internal controls can provide only reasonable assurances with respect to financial statement preparation. Further, because of changes in conditions, the effectiveness of internal controls may vary over time.

Management assessed the design and effectiveness of the Company's internal control over financial reporting as of December 31, 2025. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control – Integrated Framework (2013 Framework).

Based on management's assessment using those criteria, as of December 31, 2025, management believes that the Company's internal control over financial reporting is effective.

Ernst & Young, LLP, independent registered public accounting firm, has audited the financial statements of the Company for the fiscal years ended December 31, 2025, 2024 and 2023 and the Company's internal control over financial reporting as of December 31, 2025. Their reports are presented on the following pages. The independent registered public accountants and internal auditors advise management of the results of their audits, and make recommendations to improve the system of internal controls. Management evaluates the audit recommendations and takes appropriate action.

McDONALD'S CORPORATION

February 24, 2026

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of McDonald's Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of McDonald's Corporation (the Company) as of December 31, 2025 and 2024, the related consolidated statements of income, comprehensive income, shareholders' equity (deficit) and cash flows for each of the three years in the period ended December 31, 2025, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 24, 2026 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the Audit & Finance Committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosure to which it relates.

Measurement of Unrecognized Tax Benefits

Description of the Matter

As described in the Income Taxes footnote to the consolidated financial statements, the Company's unrecognized tax benefits, which includes certain transfer pricing matters, totaled $414 million at December 31, 2025. The Company, like other multi-national companies, is regularly audited by federal, state and foreign tax authorities, and tax assessments may arise several years after tax returns have been filed. Accordingly, tax liabilities are recorded when, in management's judgment, a tax position does not meet the more likely than not threshold for recognition. For tax positions that meet the more likely than not threshold, a tax liability may still be recorded depending on management's assessment of how the tax position will ultimately be settled.

Auditing the measurement of certain unrecognized tax benefits related to transfer pricing used in intercompany transactions was challenging because the measurement is based on interpretations of complex tax laws and because the pricing of certain intercompany transactions are based on studies that may produce a range of outcomes (e.g., the price that would be charged in an arm's-length transaction).

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the Company's process to assess the technical merits and measurement of these unrecognized tax benefits. For example, we tested management's review of the unrecognized tax benefits, including management's evaluation of new information obtained during the period.

With the assistance of our income tax professionals, we performed audit procedures that included, among others, evaluating the technical merits of the Company's position and assessing the recognition and measurement of certain unrecognized tax benefits related to transfer pricing. For example, we assessed the inputs utilized and the calculations. In addition, we used our knowledge of historical settlement activity, income tax laws and other market information to evaluate the technical merits of the Company's positions. We also independently verified our understanding of the status of income tax examinations with the Company's external legal counsel.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1964.

Chicago, Illinois
February 24, 2026

Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

To the Shareholders and the Board of Directors of McDonald's Corporation

Opinion on Internal Control over Financial Reporting

We have audited McDonald's Corporation's internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, McDonald's Corporation (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2025 and 2024, the related consolidated statements of income, comprehensive income, shareholders' equity (deficit) and cash flows for each of the three years in the period ended December 31, 2025, and the related notes and our report dated February 24, 2026 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Assessment of Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Chicago, Illinois
February 24, 2026

Controls and Procedures

DISCLOSURE CONTROLS

An evaluation was conducted under the supervision and with the participation of the Company's management, including the CEO and CFO, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of December 31, 2025. Based on that evaluation, the CEO and CFO concluded that the Company's disclosure controls and procedures were effective as of such date to provide reasonable assurances that information required to be disclosed by the Company in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and is accumulated and communicated to the Company's management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company is in the process of a multi-year, comprehensive transformation of its technology and operating model across multiple areas of the business, in an effort to modernize our processes and create efficiencies.

This technology transformation includes the implementation of certain new systems. Operating model transformation includes centralizing or outsourcing certain more routine functions.

The Company is performing this implementation in the ordinary course of business to increase efficiency and to modernize the tools and technology used in its key financial processes. This is not in response to any identified deficiency or weakness in the Company's internal control over financial reporting. As the phased implementation of the systems continues, the Company has modified certain processes and procedures to enhance the quality of internal control over financial reporting. The Company will continue to monitor and modify, as needed, the design and operating effectiveness of key control activities to align with the updated business processes and capabilities of the new financial systems.

Except for these changes, the Company's management, including the CEO and CFO, confirm there has been no change in the Company's internal control over financial reporting during the fiscal quarter ended December 31, 2025 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

MANAGEMENT'S REPORT

Management's Report and the Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting are set forth in the Consolidated Financial Statements.

Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table summarizes information about the Company's equity compensation plans as of December 31, 2025. All outstanding awards relate to the Company's common stock. Shares issued under all of the following plans may be from the Company's treasury, newly issued or both.

Equity compensation plan information

Plan category	*Number of securities to be issued upon exercise of outstanding options, warrants and rights* *(a)*	*Weighted-average exercise price of outstanding options, warrants and rights* *(b)*	*Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))* *(c)*
Equity compensation plans approved by security holders	9,946,363 *(1)*	$ 236.04	17,830,010
Equity compensation plans not approved by security holders	—	—	—
Total	9,946,363	$ 236.04	17,830,010

(1) *Includes 8,782,269 stock options and 1,164,094 restricted stock units granted under the McDonald's Corporation Amended and Restated 2012 Omnibus Stock Ownership Plan.*

Additional matters are incorporated herein by reference from the Company's definitive proxy statement, which will be filed no later than 120 days after December 31, 2025.

Other Information

In accordance with the disclosure requirement set forth in Item 408(a) of Regulation S-K, the following table discloses the officers (as defined in Rule 16a-1(f) under the Exchange Act) and directors who adopted a contract, instruction or written plan for the sale of the Company's securities intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) during the quarter ended December 31, 2025. This trading plan was adopted during an open trading window.

Name / Title	Type of Plan	Adoption Date	End Date	Aggregate Number of Securities to be Sold	Plan Description
Dario Baroni / President, International Developmental Licensed Markets	Rule 10b5-1 trading plan	November 17, 2025	August 31, 2026	600	Sale of shares

Other than as disclosed above, no officer or director adopted, modified, or terminated a contract, instruction or written plan for the purchase or sale of the Company's securities intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or a non-Rule 10b5-1 trading arrangement.

Exhibits and Financial Statement Schedules

a. (1) All financial statements

Consolidated Financial Statements are filed as part of this Form 10-K and begin on page 38 of this Form 10-K.

(2) Financial statement schedules

No schedules are required because either the required information is not present or is not present in amounts sufficient to require submission of the schedule, or because the required information is included in the Consolidated Financial Statements and accompanying notes filed as part of this Form 10-K.

b. Exhibits

The exhibits below are filed as part of this Form 10-K.

McDonald's Corporation Exhibit Index

Exhibit Number	Description
(3)	Articles of incorporation; bylaws
	(a) Restated Certificate of Incorporation, effective July 29, 2024, incorporated herein by reference from Exhibit 3(a) of Form 10-Q (File No. 001-05231), for the quarter ended June 30, 2024.
	(b) By-Laws, amended and restated effective July 25, 2024, incorporated herein by reference from Exhibit 3.2 of Form 8-K (File No. 001-05231), filed July 26, 2024.
(4)	Instruments defining the rights of securities holders, including indentures**
	(a) Senior Debt Securities Indenture, dated October 19, 1996, incorporated herein by reference from Exhibit (4)(a) of Form S-3 Registration Statement (File No. 333-14141), filed October 15, 1996.
	(b) Subordinated Debt Securities Indenture, dated October 18, 1996, incorporated herein by reference from Exhibit (4)(b) of Form S-3 Registration Statement (File No. 333-14141), filed October 15, 1996.
	(c) Description of Securities, incorporated herein by reference from Exhibit 4(c) of Form 10-K (File No. 001-05231), for the year ended December 31, 2019.
(10)	Material contracts
	(a) McDonald's Corporation Directors' Deferred Compensation Plan, amended and restated effective December 31, 2021, incorporated herein by reference from Exhibit 10(a) of Form 10-K (File No. 001-05231), for the year ended December 31, 2021.*
	(b) McDonald's Corporation Board of Directors Deferred Compensation Plan, effective January 1, 2022, incorporated herein by reference from Exhibit 10(b) of Form 10-K (File No. 001-05231), for the year ended December 31, 2021.*
	(c) McDonald's Deferred Compensation Plan, effective January 1, 2017, incorporated herein by reference from Exhibit 10(b) of Form 10-K (File No. 001-05231), for the year ended December 31, 2016.*
	(i) First Amendment to the McDonald's Deferred Compensation Plan, effective May 1, 2018, incorporated herein by reference from Exhibit 10(b)(i) of Form 10-Q (File No. 001-05231), for the quarter ended September 30, 2018.*
	(d) McDonald's Amended and Restated Deferred Compensation Plan, effective May 26, 2020, incorporated herein by reference from Exhibit 10(c) of Form 10-Q (File No. 001-05231), for the quarter ended June 30, 2020.*
	(i) First Amendment to the McDonald's Amended and Restated Deferred Compensation Plan, effective December 1, 2021, incorporated herein by reference from Exhibit 10(d)(i) of Form 10-K (File No. 001-05231), for the year ended December 31, 2021.*
	(ii) Second Amendment to the McDonald's Amended and Restated Deferred Compensation Plan, effective January 1, 2025, incorporated herein by reference from Exhibit 10(d)(ii) of Form 10-K (File No. 001-05231), for the year ended December 31, 2024.*
	(e) McDonald's Corporation Supplemental Profit Sharing and Savings Plan, effective September 1, 2001, incorporated herein by reference from Exhibit 10(c) of Form 10-K (File No. 001-05231), for the year ended December 31, 2001.*
	(i) First Amendment to the McDonald's Corporation Supplemental Profit Sharing and Savings Plan, effective January 1, 2002, incorporated herein by reference from Exhibit 10(c)(i) of Form 10-K (File No. 001-05231), for the year ended December 31, 2002.*
	(ii) Second Amendment to the McDonald's Corporation Supplemental Profit Sharing and Savings Plan, effective January 1, 2005, incorporated herein by reference from Exhibit 10(c)(ii) of Form 10-K (File No. 001-05231), for the year ended December 31, 2004.*
	(iii) Third Amendment to the McDonald's Corporation Supplemental Profit Sharing and Savings Plan, effective January 1, 2025, incorporated herein by reference from Exhibit 10(e)(iii) of Form 10-K (File No. 001-05231), for the year ended December 31, 2024.*
	(f) McDonald's Corporation 2012 Omnibus Stock Ownership Plan, effective June 1, 2012, incorporated herein by reference from Exhibit 10(h) of Form 10-Q (File No. 001-05231), for the quarter ended September 30, 2012.*

	(g)	McDonald's Corporation Amended and Restated 2012 Omnibus Stock Ownership Plan, effective May 21, 2020, incorporated herein by reference from Exhibit 10(g) of Form 10-Q (File No. 001-05231), for the quarter ended June 30, 2020.*
	(h)	Form of Executive Confidentiality, Intellectual Property and Restrictive Covenant Agreement, incorporated herein by reference from Exhibit 10(o) of Form 10-Q (File No. 001-05231), for the quarter ended March 31, 2017.*
	(i)	Form of 2018 Executive Stock Option Award Agreement in connection with the 2012 Omnibus Stock Ownership Plan, incorporated herein by reference from Exhibit 10(q) of Form 10-Q (File No. 001-05231), for the quarter ended March 31, 2018. *
	(j)	McDonald's Corporation Target Incentive Plan, amended and restated effective February 13, 2019, incorporated herein by reference from Exhibit 10(p) of Form 10-Q (File No. 001-05231), for the quarter ended March 31, 2019.*
	(k)	McDonald's Corporation Officer Severance Plan, amended and restated effective November 1, 2022, incorporated herein by reference from Exhibit 10(l) of Form 10-K (File No. 001-05231), for the year ended December 31, 2022.*
	(l)	Form of 2019 Executive Stock Option Award Agreement in connection with the 2012 Omnibus Stock Ownership Plan, incorporated herein by reference from Exhibit 10(r) of Form 10-Q (File No. 001-05231), for the quarter ended March 31, 2019.*
	(m)	Form of 2023 Executive Performance-Based Restricted Stock Unit Award Agreement in connection with the Amended and Restated 2012 Omnibus Stock Ownership Plan, incorporated herein by reference from Exhibit 10(q) of Form 10-Q (File No. 001-05231), for the quarter ended March 31, 2023.*
	(n)	Form of 2023 Executive Stock Option Award Agreement in connection with the Amended and Restated 2012 Omnibus Stock Ownership Plan, incorporated herein by reference from Exhibit 10(r) of Form 10-Q (File No. 001-05231), for the quarter ended March 31, 2023.*
(19)		Inside Information and Securities Trading Policy, incorporated herein by reference from Exhibit 19 of Form 10-K (File No. 001-05231), for the year ended December 31, 2024.
(21)		Subsidiaries of the Registrant.
(23)		Consent of Independent Registered Public Accounting Firm.
(24)		Power of Attorney.
(31.1)		Rule 13a-14(a) Certification of Chief Executive Officer.
(31.2)		Rule 13a-14(a) Certification of Chief Financial Officer.
(32.1)		Certification pursuant to 18 U.S.C. Section 1350 by the Chief Executive Officer, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
(32.2)		Certification pursuant to 18 U.S.C. Section 1350 by the Chief Financial Officer, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
(97)		McDonald's Corporation Policy on Recoupment of Incentive Compensation, incorporated herein by reference from Exhibit 97 of Form 10-K (File No. 001-05231), for the year ended December 31, 2023.
(99.1)		Computation of Ratios.
(101.INS)		XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
(101.SCH)		Inline XBRL Taxonomy Extension Schema Document.
(101.CAL)		Inline XBRL Taxonomy Extension Calculation Linkbase Document.
(101.DEF)		Inline XBRL Taxonomy Extension Definition Linkbase Document.
(101.LAB)		Inline XBRL Taxonomy Extension Label Linkbase Document.
(101.PRE)		Inline XBRL Taxonomy Extension Presentation Linkbase Document.
(104)		Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document.

* Denotes compensatory plan.

** Certain instruments defining the rights of holders of long-term debt of the Company are omitted pursuant to Item 601(b)(4)(iii) of Regulation S-K. An agreement to furnish a copy of any such instruments upon request has been filed with the Securities and Exchange Commission.

Form 10-K Cross-Reference Index

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(a) - The information required by this item is incorporated herein by reference from the Company's definitive proxy statement, which will be filed no later than 120 days after December 31, 2025.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

McDonald's Corporation
(Registrant)

By /s/ Ian F. Borden
Ian F. Borden
Executive Vice President and Global Chief Financial Officer
February 24, 2026

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated below on the 24th day of February, 2026:

By /s/ Ian F. Borden
Ian F. Borden
Executive Vice President and Global Chief Financial Officer
(Principal Financial Officer)

By /s/ Anthony G. Capuano
Anthony G. Capuano
Director

By /s/ Kareem Daniel
Kareem Daniel
Director

By /s/ Lloyd H. Dean
Lloyd H. Dean
Director

By /s/ Lauren B. Elting
Lauren B. Elting
Vice President - Chief Accounting Officer and
Corporate Controller
(Principal Accounting Officer)

By /s/ Catherine M. Engelbert
Catherine M. Engelbert
Director

By /s/ James D. Farley, Jr.
James D. Farley, Jr.
Director

By /s/ Margaret H. Georgiadis
Margaret H. Georgiadis
Director

By /s/ Michael D. Hsu
Michael D. Hsu
Director

By /s/ Christopher J. Kempczinski
Christopher J. Kempczinski
Chairman of the Board of Directors, President, and
Chief Executive Officer
(Principal Executive Officer)

By /s/ Jennifer L. Taubert
Jennifer L. Taubert
Director

By /s/ Paul S. Walsh
Paul S. Walsh
Director

By /s/ Amy E. Weaver
Amy E. Weaver
Director

By /s/ Miles D. White
Miles D. White
Director